Daily Report

Latin America

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FBIS-LAT-96-057 *22 March 1996*

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Inter-American Affairs: Samper Urges Investors' Help

PA2203003296 Mexico City NOTIMEX in Spanish 0024 GMT 21 Mar 96

[FBIS Translated Text] Cartagena, Colombia, 20 Mar (NOTIMEX) — President Ernesto Samper said here today that Colombia will invest $27 billion in the next four years to modernize its infrastructure in line with the hemispheric integration process.

The chief of state invited investors from the continent to participate in this effort and guaranteed that "the same rules that apply to national investors will apply" to foreign investors who will also have the possibility of making "attractive profits."

Samper said that Colombia decided to invest $27 billion because to guarantee integration we have to overcome "our backwardness in ports, roads, communications, railroads, and technology."

Samper said this at the closing of the Business Forum of the Americas in which more than 1,200 businessmen participated and discussed the role to be played by the private sector in the hemispheric integration project.

The chief of state said that Latin America cannot continue "selling agricultural raw material and must consolidate our industrial and services basis."

Samper said that the integration challenge makes the countries internally stronger and leads to international relations taking place in a more deferential basis.

The Colombian president said that the Free Trade Area of the Americas [ALCA] can be materialized through NAFTA, the Group of Three, the Common Market of the South, or the Central American integration process.

He noted: "The problem can be resolved. With clear rules and a deadline, an American free trade zone can be secured in different places at different times."

Samper pointed to the role that businessmen can play in the implementation of an integration project such as the ALCA-2005. He said: "Only businessmen can make signed agreements effective and fulfilling. This is not a privilege, but an obligation they have with their countries and with themselves."

Samper apologized for not discussing the differences between Colombia and the United States at the forum because it is not wise "to air" these issues at hemispheric meetings.

The president said: "I can assure you, for your peace of mind, that just as in marital relations, in this case, in the relations between Colombia and the United States, the reasons for maintaining our ties in the framework of mutual respect are stronger than the reasons for a divorce."

The Business Forum of the Americas preceded the meeting of the hemisphere's 34 trade ministers. The meeting will officially begin sessions tomorrow, in this capital. New strategies will be discussed to constitute the ALCA-2005 Project.

Inter-American Affairs: Businessmen's Proposals at Summit

PA2103004496 Mexico City NOTIMEX in Spanish 1751 GMT 20 Mar 96

[Report by Edelmiro Franco]

[FBIS Translated Text] Cartagena de Indias, 20 Mar (NOTIMEX) — Businessmen from the hemisphere will today ask commerce ministers from 34 American countries to avoid political and strategic deliberations such as the Helms-Burton law, which may render free trade accords null and void.

The proposal is part of the final document from the commission of the Business Forum of the Americas, which discussed here current obstacles in the American continent's trade.

The Canadian delegates requested that the proposal be included in the final recommendations of this forum, in which more than 1,200 businessmen participate and which will end on Wednesday afternoon.

James J. Kelly, president of the Venezuelan-Canadian Chamber of Commerce, said that the Helms-Burton law is a dangerous precedent that submits to U.S. courts' jurisdiction those non-U.S. citizens who have traded with confiscated properties in Cuba.

"We are not defending Cuba, but this is a precedent that is very incompatible with the notion of free trade," Kelly said to NOTIMEX.

He explained that businessmen from the region will request that "the issue be somewhat tempered because U.S. jurisdiction is being extended beyond its borders and this cannot be allowed."

The Helms-Burton law, which the U.S. Government promulgated to strengthen the embargo against Cuba, goes "against the economic opening," Kelly said.

The document that businessmen, who will meet here starting on Wednesday, will deliver to trade ministers from the continent, requests that the rhythm of reforms and economic modernization be maintained, and that macroeconomic stability be guaranteed.

The Business Network for Hemispheric Integration [Red Empresarial para la Integracion Hemisferica] (REIH)

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said: "The real threat for businessmen on the continent does not come from free trade per se, but from the risk of a recession in the modernization and economic opening policies."

The businessmen's document states that "economic growth and stability are essential factors for economic agents" and it asks the state "to function in an effective and efficient manner."

The businessmen said that customs obstacles represent another hurdle to be overcome for the creation of a Free Trade Agreement of the Americas (FTAA), and they suggested a stricter enforcement of the WTO's customs code.

To expedite customs procedures, private sector representatives should ask the governments to authorize the transmission and reception of documents via electronic means, including data systems.

The document states: The concept "place of origin regulations" should be clearly defined during the first phases of the FTAA negotiations, or else "customs unity should be established to prevent the enforcement of place of origin regulations."

The private sector demands a more institutionalized participation in the FTAA-2005 process, which governments agreed to support when they participated in the hemispheric summit at Miami in 1994.

The private sector said that the conclusion of a hemispheric integration process does not "necessarily mean only treaties will be signed. It also entails increasing trade and investments; and, referring to this, it is important to consider the lessons learned on the role played by the private sector in the Asia-Pacific region."

They mentioned how businessmen in the Asia-Pacific region played a leading role in the creation of strategic alliances, the development of investments, and trade among Asian countries since its inception.

Thirty-four commerce ministers will this afternoon receive the recommendations from the Business Forum of the Americas and they will discuss them tomorrow in private sessions, during which they will define which ones will be admitted or rejected.

The Cartagena ministerial meeting will follow up the FTAA initiative and it will be the second meeting to be held at commerce minister level, following the summit at Denver, Colorado, in the United States in June 1995.

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Cuba

Cuba: Robaina on Foreign Investments, Helms-Burton Law

PA2203005996 Havana PRENSA LATINA in Spanish 0335 GMT 21 Mar 96

[By Julio Machin]

[FBIS Translated Text] Havana, 20 Mar (PL) — Despite the recent approval of the Helms-Burton law reinforcing the U.S. blockade against Cuba, foreign investors have reiterated their intention to continue investing in the Cuban economy, Foreign Minister Roberto Robaina stated today.

The foreign relations minister said, during a public event organized by residents of a capital city neighborhood, that numerous businessmen, willing to challenge current U.S. pressures, proposed discretion in the commercial operations with the island in order to circumvent the sanctions announced in the legislation.

During a meeting with more than 1,000 people, Robaina answered questions related to the implementation of the Helms-Burton law and its effects on the island, as well as details with respect to his mission at the United Nations this past February following the downing of two U.S. pirate aircraft that violated Cuban airspace.

Robaina pointed out that the world now has a better understanding of Cuba's position with respect to the United States, since it is now beginning to feel this nation's hostility and arrogance through the Helms-Burton law that intends to internationalize the blockade in effect since 1962.

Speaking amid shouts of revolutionary slogans by participants in the meeting, the foreign minister commented that if Cubans have been able to defend the nation during these past 30 years of military threats, it is not now that they will give up on account of a legislation.

"We are not telling those former owners of property nationalized in 1959 that we are not going to return their homes. We are telling them: Dare to come to recover it," Robaina stated.

When asked about the state of bilateral relations with this neighbor country, Robaina indicated that Cuba is interested in having normal relations with the United States, with the condition that these ties should take place based on equality and respect for the nation's sovereignty.

According to Robaina, it is difficult at this time for the U.S. Government to respect these ground rules, seeing that they continue to instigate conflicts as part of their strategy to subvert the population against the government.

In this respect, the foreign minister denounced recent maneuvers by U.S. officials stationed in Havana to accept immigration applications directly at the embassy, which is intended to utilize the lines of applicants outside the mission grounds for propaganda purposes.

"Immigration flow from the third world to the first world is a common phenomenon throughout the world, only that in Cuba's case it is a highly politicized," Robaina stated referring to manipulations of all issues related to the Caribbean island to benefit election interests in the United States.

On the other hand, Robaina reiterated Cuba's willingness to "make life impossible for the Washington administration," since each article of the Helms-Burton law, as well as each measure to emerge, will bring about a response.

According to the minister, what prompted U.S. politicians to bolster the blockade against Cuba was not the downing of the aircraft this past 24 February, but Cuba's capacity to resist, reflected in the 2.5 percent economic growth achieved during 1995.

At the conclusion of the event, several residents who were able to address the participants, surmised that the best way to challenge the Helms-Burton law is by "working harder" and more efficiently.

Cuba: Church Council Issues Statement Against U.S. Law

PA2103123696 Havana PRENSA LATINA in Spanish 2055 GMT 20 Mar 96

[FBIS Translated Text] Havana, 20 Mar (PL) — The Council of Cuban Churches (CIC) issued a statement today, addressed to the churches, ecumenical movements, religious organizations, and "all Cubans of good will," in which it reaffirms its solidarity against the Helms-Burton law.

"Because of this measure, difficult days await us, especially for our children, women, and elderly, who are the weakest in any society and for whom, Jesus, the son of God, had a predilection," the CIC communique, which is signed by its president, The Very Reverend Oden Marichal, states.

It adds that the purpose of this law exceeds any legitimate political action and goes against the Cuban people's authentic right to opt for a sovereign and independent alternative.

The Cuban churches, the document adds, responding to the missionary tradition — evangelical, secular, sovereign, and independents — it inherited from the past

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century, have the historic duty of remaining faithful to our people's most righteous patriotic teachings.

On this occasion we do not address the U.S. Government, because it has shown to be deaf when we have requested the lifting of unfair measures that have brought sufferings to the children of this nation, the document notes.

We address international organizations, governments, nongovernment organizations, religious and political personalities, and all the people in the world who have backed Cuba, CIC states.

The statement of the religious organizations, which are non-Catholic, concludes by clarifying that theirs is not a political option: "It is a patriotic option, in consonance with Cuban patriot Jose Marti's ideas that was taught in our old Evangelical schools to those of us who are older and that continues to be taught to our youth and children today."

The people of Cuba have a right to live in peace and "enjoy the goods the Creator has given to all its children, without exception, because of political, religious, or social preferences," the communique confirms.

Cuba: Government To Present Program at World Food Summit

PA2203042496 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 21 Mar 96

[FBIS Translated Text] The World Food Summit will be held in Rome, Italy, from 3 to 17 November. The announcement was made in Havana by Fernando Robaina, the representative to Cuba of the UN Food and Agriculture Organization. Heads of states and governments will attend the summit which seeks to become a forum at the higher political level to promote a global action plan to confront the top problem facing mankind, food concerns.

Raul Taladrid, vice minister for Foreign Investments and Economic Cooperation, stated that the event is particularly important because this subject is vital for the Third World. Regarding Cuba contribution's to the summit, Taladrid added that independent of the problems and difficulties, Cuba will present its food precedence program for the elderly and pregnant women.

Cuba: Program To Observe World Food Organization's Work

PA2203040596 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 21 Mar 96

[FBIS Translated Text] During the 20 years of cooperation with Cuba, the World Food Organization has donated over 166 tonnes of food to Cuba. These two decades of exchange will be observed with a program that will conclude on August.

Today, United Nations and World Food Organization representatives, together with pioneers, workers, and food production specialists inaugurated a program to observe 20 years of cooperation. The meeting took place at the offices of the Cuban Association of the United Nations and served to recount the work of these many years and this organization's projections for Cuba.

The cooperation began in 1976 with shipments of milk and other resources to develop pasteurization plants. Other projects were also conducted such as the milk basin program in the Eastern provinces. These 20 years of aid exchanges have had a bilateral character since Cuba is considered one of the most important donors to the World Food Program.

Cuba: ANPP Official on Visit to Yugoslavia, Russia

PA2103160896 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Mar 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] A Cuban delegation led by Jaime Crombet, vice president of the National Assembly of the People's Government (ANPP), returned today from an official visit to Yugoslavia, Ukraine, and Russia where it met with important personalities of the three nations. Crombet, a member of the Communist Party of Cuba, said that a cooperation agreement was signed in Yugoslavia and ties between the Cuban and Yugoslav Parliaments were strengthened. A similar task was accomplished by the delegation in the Ukraine.

Crombet pointed out that in Yugoslavia the Cuban delegation received strong manifestation of sympathy, gave a news conference, and explained the Caribbean island's situation during a large number of official meetings in Russia.

Cuba: Panel Discusses Challenges to Journalism

PA2203020096 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Mar 96

["Straight Talk" program with host Osvaldo Rodriguez and guests Julio Garcia Luis and Jose Alejandro Rodriguez]

[FBIS Translated Text] [Osvaldo Rodriguez] Good afternoon my friends, we will discuss the challenging times that lay ahead for Cuban journalism during today's "Straight Talk" program.

We have just celebrated the Cuban Journalism Day. The ceremony took place in Holguin province, which

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was selected to host the event, due to their outstanding treatment of reporters. There was also a meeting in [word indistinct], which you both attended, and a meeting of the Union of Cuban Journalists' national committee.

I believe that, in addition to discussing the challenges that we are all well aware of, some strategy must have been set during the meetings. Who wants to begin the discussion? Go ahead Pepe.

[Jose Rodriguez] I would not talk about strategies in matters related to journalism, but of ambience instead: the mood that needs to be created so that our journalism can face the current challenges. From this standpoint, I believe that the meeting was very realistic, mature, and analytical. It broached the need to find the way for our journalism to be effective, and have an influence on the social structure of the nation, because, among other things, reality is creating new challenges for journalism...

[Osvaldo Rodriguez, interrupting] Why new challenges?

[Jose Rodriguez] Because there are other instruments that are worn out. Justification does not work any longer, neither do slogans, or imitation.

[Osvaldo Rodriguez] Had justifications and slogans worked in the past?

[Jose Rodriguez] No, but they were influenced by other historic scenarios, and, unfortunately, they were also ineffective, but the situation was different.

[Osvaldo Rodriguez] What do you think Julio?

[Garcia] I agree with Pepe. The debate in Holguin was useful, productive, and pushed us forward. We advanced in the discussion that we reporters must constantly carry on, on how to better serve the interests of the people and the revolution. Something that I would like to bring up today became clear in Holguin: even though our nation is going throw a difficult economic situation, and new obstacles lay ahead in the path of our economy due to the recently passed law, our most important challenge in coming years is perhaps the ideological challenge, without diminishing the importance of the economic challenges.

Journalism's main challenge is in the ideological sector, which is closely linked to information and communications. Therefore, this is a job for us reporters to tackle. We have the responsibility, and nobody can do it for us. Our work and its quality are essential, we must be capable to inform and contribute to the formation of beliefs and values to sustain the nations' spirit of resistance.

[Osvaldo Rodriguez] Reporters have the responsibility in regards to information. Is this type of discussion going to be taken to grass root levels?

[Garcia] You are saying that everything is up to us. I believe that we have the main role, yet, there are many other factors involved in the information system. There are information sources, editors, directors, consumers, and also us, the reporters who write the news.

[Osvaldo Rodriguez] Go ahead Pepe.

[Jose Rodriguez] The weight is not exclusively on our shoulders. The journalism system interacts with all society, which must advance to a more complex understanding of journalism's role, because our reality has become more complex also. Among other issues, participants to the meeting addressed...

[Osvaldo Rodriguez, interrupting] Is there going to be a real understanding?

[Jose Rodriguez] We open new paths as we go, Osvaldo. But in our work we cannot look back, we must focus on the present and the future. Among the issues discussed....

[Osvaldo Rodriguez, interrupting] But we should look into the past to find our history.

[Jose Rodriguez] Yes, I agree. We must have a memory of history. When I say that we must not look back, I do not mean that we should ignore history. Feeling our history, and looking backwards while stumbling on the way, are two different things.

[Osvaldo Rodriguez] Do not turn your head because you are getting far from the microphone.

[Jose Rodriguez] OK. I was telling you that participants were addressing the reporters' ethics topic. This is very important, because there are some aspects of society and reality which involve essential values of the Cuban society — ethical and moral values. When any of the spiritual values of the Cuban nation is undermined, in this new context, with the opening to new markets and market laws, it is inevitable that some sectors of society will suffer the effect. Therefore, journalism needs to intervene to preserve the most authentic and essential values. We reporters must be on the offensive in these issues.

[Garcia] Osvaldo and Pepe, I wanted to say something about this issue. I think everyday reality will make us become more ample, thorough, and precise, regarding our press work. Let's not go back to the past, when certain circumstances favored excuses...

[Osvaldo Rodriguez, interrupting] And skepticism!

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[Garcia] Yes, skepticism or the omission of important social issues.

[Osvaldo Rodriguez] Yes, the so-called taboo issues.

[Garcia] Now, it is impossible to imagine those black holes in our information. We are submitted to an intense barrage of pseudo information. It comes to us via radio and other different means.

[Osvaldo Rodriguez] As well as through personal contact.

[Garcia] Any void that we — perhaps with presumed puritanism — do not cover is space we are yielding to our adversary. Through there they will try to hurt and undermine us. Therefore, today amidst Cuban journalism's maturity, our aim and that of our editors must be that the slogan; there are no taboo issues, goes from a slogan to a reality. In that manner we will advance towards a more complex and ample way of broaching all of Cuban society's problems.

[Osvaldo Rodriguez] I think that both of you have brought up an interesting issue. This issue, taboos in journalism, that is, not talking about this or that issue. Is that not an easy way out?

[Jose Rodriguez] Yes it is. The taboo is a pretext due to the incapacity to bring up an issue. Every issue can be addressed. Furthermore, we Cubans talk about everything, everyday, on the streets and in hallways. The press can not turn its back on that. The issue here is that we are amidst a formal and conceptual challenge. This is a challenge to our professionalism and creativity. Outdated forms and guidelines are no longer useful and we must try to find professional excellence, creativity, capacity, and the language that is close to reality. In that manner, it must touch the street. We can not make a schematic concept that will enable it to touch the streets. We have social responsibilities. We are an intercommunication chamber. We know that we have huge social responsibilities in Cuba today. We are informers, but, not just mere informers, we are informing informers.

[Osvaldo Rodriguez] Pepe, I think that we do not communicate with our readers. We have communication with the people who are in charge of us [niveles que nos dirigen]. We know whether they like or not, or if we are truly doing things in the manner in which policies, or those who outline policies, want them done. The communication with the reader, the listener, and with the television viewer — I think — is somewhat weak.

[Jose Rodriguez] Yes, of course Osvaldo. However, the press is no stranger to all the paternalism and all of those other things that Cuban society was submitted to. I mean it is easier to earn the 340 pesos without getting into trouble and if they keep you there, well all the better.

[Osvaldo Rodriguez] Julio Garcia Luis and Jose Alejandro Rodriguez have just returned from Holguin. The Cuban Journalism Day ceremony was held in that province, as we said earlier. Julito.

[Garcia] We also mentioned an important issue. Our adversary, our enemy, is trying to push us in a certain direction, trying to drive us down a certain course, and trying to strengthen their harassment in every way possible. They are even using pseudo journalists [seudo informadores] — within Cuban society — to nourish the broadcasts from these stations. They can hardy be called journalists because — but for a few exceptions — they are not. They are using apocryphal elements to carry certain deceitful and manipulated messages to stations that broadcast against Cuba fundamentally, from the Florida area. This issue was also analyzed. We discussed that this problem should not condition our ethics, profession, or the guidelines of Cuban journalism. However, if these individuals violate the laws and are sanctioned it can not go just at that. The situation must be politically and ethically exposed. The situation must be unmasked.

[Osvaldo Rodriguez] Does this mean that we are going to respond?

[Garcia] Well, I think that sometimes we will have to respond to some of the things said. That may not be our permanent procedure. However, in some cases we will have to unmask some lies, manipulations, and defamations.

[Osvaldo Rodriguez] Let's see what Pepe has to say.

[Jose Rodriguez] I think the most important thing is not the need to respond. I think the most important thing is that we not leave voids. They give us small space. A debate cannot be... [pauses] Precisely, they give us a small amount of space for debate because we do not have capacity to debate. Once we promote conscientious and constructive debate, as well as debates aimed at finding the positive side and if we use other professional mechanisms, other resources... [pauses] We must reach the person to whom our message is aimed. We must reach them through reason and discussion. That is why I was just talking about things that are inefficient now. We are no longer going to... [pauses] With the language of communiques and high-sounding words of barricades we no longer reach the people, but, with thought and the emotion of these times — a different emotion, an emotion that leads to thinking — we will.

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[Garcia] I agree with Pepe's words. I think the debates we held in Holguin are an expression of the emotions he mentioned. The atmosphere was such there, that if given the opportunity all journalists' work would be much better, on occasions.

[Osvaldo Rodriguez] Then, are there new challenges ahead for Cuban journalists?

[Garcia] Osvaldo, amidst great material limitations because we still suffer material limitations. The challenge is also to grow amidst these limitations.

[Osvaldo Rodriguez] Many thanks to Julio Garcia Luis and Jose Alejandro Rodriguez for bringing us these interesting thoughts, somewhat of an echo, from the meeting that took place in Holguin on occasion of Cuban Journalism Day.

Cuba: Journalists Awarded for Work on Sugarcane Harvest

PA2203044696 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 21 Mar 96

[FBIS Translated Text] The work carried out by media organizations in the country on the development of the sugarcane harvest was described as very useful, objective, and stimulating at the 1995 National Sugarcane Journalism Award ceremony. The award, in its third installment, was presented to Juan Varela Perez from GRANMA newspaper whose work of many years has contributed to the development of the sugar industry.

The results of the National Sugarcane Journalism Contest sponsored by the Cuban Sugarcane Technicians Association and the Union of Cuban Journalists, were also announced this afternoon. The first prize for print was presented to Ignacio Lopez Moreno from the weekly EL AZUCARERO, a supplement of Matanzas' PILON newspaper. In radio, the award was given to Diosdado Maso from Radio Rebelde. In television, no first prize was presented and the second was presented to Jose Luis Rumbaut and Pablo Rodriguez from Cuban television news service.

[Begin recording] [Oscar Almazan, president of the Cuban Sugarcane Technicians Association — identified by caption] Despite the difficulties, the peculiarities of these months, the sugar harvest message, unlike in other years, has remained present and systematic, with quality, objectivity, and spirit. [end recording]

Cuba: Pinar del Rio Joins Direct Dialing Network

PA2103134996 Havana Radio Rebelde Network in Spanish 1800 GMT 19 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Pinar del Rio has joined the national direct dialing network. From now on, it will be possible to call directly from any locality in the province to any city in the country connected to this system. First, customers must dial 01, after which they will hear the direct dial tone, which is a higher pitch than the regular tone. Then, they must dial the area code, followed by the local telephone number. The direct dialing system has, in addition to the advantage of direct access, a reduced rate for calls between the hours of 1800 and 0600, as well as for all day Sunday.

The public relations office of Etecsa points out that, in addition to Pinar del Rio Province, this service is also available in Matanzas and Havana.

Other Countries

Haiti: Preval To Meet IMF, World Bank Officials 22 Mar

PA2203031196 Port-au-Prince Signal FM Radio in Creole 1230 GMT 21 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Haitian President Rene Garcia Preval will meet with several representatives of the IMF. The meeting will take place on 22 March. He will have a breakfast with Michel Camdessus and (Alexander Carpha) who are respectively IMF general director and executive director for Haiti, and with (Marcos Payva) who is the World Bank executive director for Haiti. Haitian President Rene Preval will have a private meeting with Ruth R. Harkin, president and chief executive director of OPIC [Overseas Private Investment Corporation]. President Preval will make a speech for 22, 25, and 75 [as heard] executive directors of these companies.

President Rene Preval will begin on 22 March his third and last working day in the United States of America where he already met with several high U.S. officials. President Preval will meet today in Washington, at the White House, with U.S. President Bill Clinton.

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Haiti: Preval To Begin 3-Day Official Trip to Canada

PA2203040696 Port-au-Prince Signal FM Radio in Creole 1230 GMT 21 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Excerpt] After his last day of his visit to the United States, the Haitian president will fly to Canada for a three-day official visit. The opposition accused yesterday the liberal party in power in Canada of wanting to use for partisan purposes the visit the Haitian president will make to Canada as of tomorrow. During this three-day official visit, Preval will go to Ottawa, where he will meet with the prime minister, Jean Chretien, and to Montreal.

Canada replaced the United States lately as the head of the UN peacekeeping mission in Haiti. [passage omitted]

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Mexico: Report on Navy's Help Against Drug Trafficking

PA2103233896 Mexico City LA JORNADA in Spanish 18 Mar 96 pp 1, 10

[Report by Jesus Aranda]

[FBIS Translated Text] Because drug trafficking represents a threat to national security and to the health of Mexicans, Navy Secretary Admiral Jose Ramon Lorenzo Franco pointed out that it would be a "disloyalty" toward Mexico not to use this agency's resources to protect our youth and our people from drugs. He added that "we" the Armed Forces "cannot avoid" fighting this problem and "cannot hide away for fear that our men might be corrupted."

He explained that the law sets the limitations for the military and Navy personnel's support to the fight against drug trafficking. He stated: "Never do we work on our own in this matter."

During an interview with LA JORNADA on 16 March, Lorenzo Franco briefly referred to news reports regarding possible joint actions by Mexico and the United States against drugs. "The U.S. Navy has nothing to do either with drug trafficking or with us in this matter. We cooperate, have agreements, and sometimes carry out joint actions to guard our coasts and against sea pollution" because "we do have bilateral agreements in these areas."

He stated: "(Regarding the fight against drug trafficking), they have no contact with us here. Our contact here is the PGR [Office of the Attorney General of the Republic]."

Regarding the alleged unconstitutionality of the Armed Forces' participation in the fight against drug trafficking, the admiral reiterated that it is valid to use the Navy's resources to defend the Mexican people from the threat of drug trafficking.

He emphasized: "We must bear in mind that the Mexican people have given me a gun to defend them. Moreover, if they are threatened, as they are now by drug trafficking, I must use this gun to fight this threat."

He underscored: "Fortunately, I believe that drug trafficking is not a serious problem and that it may still be controlled." However, "what would Mexico do, given our economic situation and our needs, if our young people are on drugs?"

He explained that his viewpoints in this regard might be debated, but in his opinion, the current situation leaves no other choice.

Sitting at the conference room next to his office, Lorenzo Franco said the Navy must "take the risk" in view of the fact that corruption generated by drug trafficking represents a potential threat. "We must take this risk, but I also have the responsibility of seeking mechanisms to prevent our staff from being corrupted as much as possible."

He said that he "cannot stick his neck out" for anyone, but says that during his term no sailor has been charged with drug corruption. He explains that all subordinate commanders have direct access to the Navy's staff and they have to prepare a detailed report of their voyage after every deep-sea trip. Here they have to list all actions taken hour by hour.

This allows detection of irregularities so they can be immediately corrected. In addition, the constant rotation and the teaching of personnel allows the Navy to keep tabs on its personnel, he said.

He admits that even though vessels on the high seas carry out multiple tasks to do with detecting illegal fishing, marine contamination, rescue work, among others, the truth is that fighting drug trafficking has been stepped-up as of late by presidential order.

[LA JORNADA] The Navy is tasked with patrolling national seas, and presumably, most of the drugs bound for the United States pass thorough that zone. Is it clear what zones have the highest incidence?

[Lorenzo] There is a concept that I disagree with, when it is said that "most of the drugs," and there is no way to verify where most of them (the drugs) pass. If we knew where, they would not get through. The truth of the matter is that this is a rather audacious statement. I agree that the sea is very big, it is very large, and it is very probable that this offers a greater facility for this type of activity.

"Neither can we speak of a high incidence zone because drug traffickers remain active, they are people who react and constantly change their procedures. Recently, the Caribbean was used often for this, which is where we found the highest incidence. At other times it was the coasts of Tamaulipas, at other times it was the western coast of Baja California, the Gulf of California. It is seasonal: they react according to how we react.

He commented ironically that, "The fact remains that everything has an objective. In fact, we have recorded an increase by area. Last year we recorded an increase in the Gulf of Baja California, but in amounts too difficult to handle, sometimes we are dealing with goods that were abandoned. There are areas where the effect has been repeated, while in others it tends to disappear for a long time." On the other hand, he pointed out that lack of

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resources is more significant than the need for additional personnel, training, and equipment, a reason why, rather than considering the purchase of new weaponry, the Mexican Armed Forces is concentrating on a more efficient use of its ships and aircraft.

As part of these adjustments, he points to the implementation of a ship and helicopter support system that allows some ships to compensate for their lack of speed by having helicopters on board to be used to monitor the sea in a more thorough manner.

"Some of the Navy's ships are very outdated. We have two from 1935, and others that are more recent. We try to take the most advantage out of them as possible and maximize their operation with helicopters and speed boats. We have been able to do this. However, purchasing coast guard ships and other equipments costs approximately $200 million, which we cannot afford," he indicated.

"Regarding aircraft, the situation is similar. We try to replace navigation and communication components as much as possible to obtain the most benefit from them. I believe it would not be very loyal to ask the country for new equipment."

He explained that for the first time, the Navy is working on a long-term project to replace ships and vessels. As an example of this agency's budget limitations, he pointed out that approximately 20 percent of the budget is destined for equipment maintenance and replacement of spare parts while more than 70 percent is devoted to administrative and personnel expenditures. Therefore, resources to acquire material and equipment are scarce.

He informed that currently 120 vessels are active and 45 are in the shop — for repairs and maintenance. In addition, little more than 100 aircraft are active and about 40 are undergoing maintenance. Adm. Lorenzo Franco finished by saying that it would be disloyal to ask for new equipment given the country's current circumstances.

Mexico: Report Views Creation of New Liberal Party

PA2203001096 Mexico City PROCESO in Spanish 18 Mar 96 pp 33, 34

[Report by Elias Chavez]

[FBIS Translated Text] Mexican liberals, who have traditionally participated actively in the Institutional Revolutionary Party (PRI), are quitting the PRI and founding a new political organization: the Mexican Liberal Party (PLM).

Under the coordination of Salvador Ordaz Montes de Oca, grand master of the Grand Lodge in the Valley of Mexico, approximately 40,000 liberals will adhere to the new party. The founding of the PLM will be announced on Thursday, 12 March, the anniversary of the birth of Benito Juarez.

The new party began taking shape last year when the Freemasons decided to organize a Liberal Front to oppose the "unfortunate government decisions."

Salvador Ordaz explains that the Grand Lodge of the Valley of Mexico is a multiparty organization. Active participants of different political parties belong to this organization. Therefore, formally, Freemasonry has nothing to do with the creation of the PLM:

"Great empires and nations have risen and fallen, but Freemasonry has prevailed, precisely because it has not become formally involved in party issues. Freemasonry's greatest strength lies in its multipartite nature."

However, Ordaz Montes de Oca acknowledges that the call to create the PLM came first from the Freemasons, although "respecting the party affiliation of each of its members." In addition, "many who are not Freemasons will adhere to this political project."

On Thursday, 21 March, the Freemasons will elect a new grand master. On that same day Salvador Ordaz will conclude his term as grand master of the Grand Lodge of the Valley of Mexico and he will immediately call for the creation of the PLM.

Ordaz Montes de Oca says: "We liberals want a free, united, sovereign, republican, deeply democratic, country. If it were not so, we would be playing the conservative forces' game, to which Mexico owes the bitterest years of its existence."

In addition to Salvador Ordaz, among the leaders of the Liberal Front are "distinguished PRI members," a number of whom have been senators, deputies, and municipal presidents, like Elisco Rodriguez Ramirez from Guanajuato; Gabriel Legorreta Villasenor from Tamaulipas; Sebastian Estrada from Quintana Roo; and Miguel Chavez Michel from Colima.

Another reasons the liberals are abandoning the PRI and are seeking to establish a new party is that "we feel that too many explanations regarding innumerable recent government actions that have harmed seriously our nations are lacking."

Ordaz Montes de Oca says: "In addition, we have observed with great concern the insecurity and violence which has occurred throughout the country, a phenomenon which has unfortunately increased in recent years."

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Regarding President Zedillo's economic policy, the Freemason leader says:

"We do not accept that in the pursuit of a savage economic policy, the livelihood of the weakest is being threatened. Of what use is a trade surplus if on many Mexicans' tables there are not even any tortillas? No financial success can compensate for the misery of any one sector of society."

"We do not accept, and will never accept speculative investments. Even less will we accept that because of sordid dealings, bad decisions, mistaken policies, and obscure formulas of an ungrateful six-years, the legitimate hopes of Mexican workers for a dignified and decorous life be destroyed, and that thousands of jobs be fraudulently eliminated."

Ordaz Montes de Oca affirms that the crisis is so serious that "the rich and the poor are becoming increasingly polarized and this threatens to provoke confrontations which could endanger national security."

Asked why the liberals have waited until know to criticize the government and abandon the PRI, Ordaz Montes de Oca says: "We began to criticize during the last six-year term. Liberals are neither docile servants to power nor ardent bloodthirsty opponents. Our way of perceiving our relationship to power is very clear: it does not allow for any subterfuge. The PLM will always be above sectarianism and will vigorously reject any corrupt or corrupting formula, like we have always done."

Ordaz Montes de Oca announced that the PLM will continue the traditional liberal attitude against the so-called "political clergy."

"We cannot allow the high-ranking political clergy to arise as the nation's judges. We do not want a religious government or a politicized church," he said.

Ordaz Montes de Oca assures that millions of Mexicans "who are liberal by conviction, not merely opportunistic," will join the PLM to participate actively in politics "and prevent Mexico from further decline."

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Guatemala

Guatemala: Congress Rejects Limit of Guatemalans' Rights

PA2203020196 Panama City ACAN in Spanish 0019 GMT 19 Mar 96

[FBIS Translated Text] Guatemala City, 19 Mar (ACAN-EFE) — The Guatemalan National Congress today rejected pledges by U.S. politicians — who are running their electoral campaigns — to restrict the rights of Central American aliens in the United States.

The Guatemalan unicameral Congress today approved a resolution "against any U.S. electoral campaign that endorses taking away human rights, such as medical assistance, education, and security from illegal aliens."

The resolution, which will be sent to the U.S. Congress and international human rights organizations, is in solidarity with Guatemalans residing in the United States, "no matter what their legal status."

The Congress acknowledges every nation's "legitimate" right to implement measures in order to hinder illegal aliens from entering their respective territories.

However, the resolution states, there is no justification for adopting measures aimed against the UN Human Rights Declaration.

U.S. Conservative party presidential hopefuls advocate extending restrictions on the rights of Latin Americans, who are illegally residing in the United States.

In 1995, the U.S. Congress approved Law 187, which limits illegal aliens' right to education.

According to investigations by private institutions, approximately 1 million Guatemalans live in the United States.

Guatemala: Official on Spanish Cooperation, Peace Process

PA2203044796 Guatemala City Televisiete Television in Spanish 1900 GMT 21 Mar 96

[From the "Channel Seven News" newscast]

[FBIS Translated Excerpt] [Passage omitted] In Florence, Italy, Foreign Minister Eduardo Stein has praised the efforts of the Spanish Government, which has always looked out for us, and has served as an alternative channel for the talks, and this has constituted truly valuable support for Guatemala. The foreign minister pointed out that the current suspension of hostilities between the Army and the guerrillas is the start of armed confrontation interruptions that allows us to test what could turn out to be a definitive cease-fire.

He underscored the swiftness of the negotiation process under the government of Alvaro Arzu who committed himself to achieve peace with the guerrilla commanders. The foreign minister asked EU governments and the European society to offer their political support and understanding for the changes that have taken place in past months in Guatemala, especially now that we are obtaining substantive results every two weeks.

Panama

Panama: Visit By U.S. Commerce Secretary 'Source of Hope'

PA2103195796 Panama City EL PANAMA AMERICA in Span 21 Mar 96 p A1

[From the "Panama's Pulse" column]

[FBIS Translated Text] The visit. The presence in Panama of U.S. Secretary of Commerce Ronald Brown represents a source of hope for the future of commercial relations with the important U.S. market. Our country is included in the tour that this official is making through Latin America to promote a free trade zone on our continent.

An opportunity: During his brief stay in our country we will take time to show him the areas that are returning to Panamanian control and the port facilities we have. He will also have an opportunity to meet with local businessmen and discuss the facilities we offer to investors looking for Panamanian partners.

Development: We must not waste any opportunity to attract investments to the productive sector and to explore new markets for possible exports. This represents more sources of employment and foreign exchange that the country needs in its struggle for development and for the well-being of the Panamanian people.

In this regard, Ronald Brown's visit is welcome.

Panama: U.S. Businessmen Told of Investment Opportunities

PA2103204696 Panama City LA PRENSA in Spanish 21 Mar 96 p 29A

[Article by Gisela Vergara S.]

[FBIS Translated Text] President Ernesto Perez Balladares, ministers, and directors of government institutions, put on their "salesmen's caps" to give businessmen details on investment opportunities in port facilities, the electricity sector, telecommunications, and the reverted areas.

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Yesterday, at a breakfast at the presidential palace, Perez Balladares addressed more than 40 U.S. businessmen stating that Panama is adapting its structures to the demands of the new world economic order, which together with a democratization process "offers a good climate for foreign investment."

The Panamanian president pointed out that the establishment in Panama of a number of foreign companies, specifically Asian companies interested in establishing themselves in the areas to be reverted before the year 2000, is being negotiated.

The businessmen are part of a U.S. delegation that today will attend a dinner in honor of President Perez Balladares and U.S. Commerce Secretary Ron Brown, who arrived in Panama City yesterday.

Juan B. Sosa, executive director of United States-Panama Business Council (USPA) said members of the delegation came to study the terrain for possible future investments, following the conference on Panama given in Washington last October, with President Perez Balladares as the main speaker.

Sosa said that the investors, who are interested in telecommunications, construction, ports, tourism, and energy, met with Pedro Campagnani, director of the Panamanian Tourism Institute; Ramon Argote, director of the Institute of Hydraulic Resources and Electrification (IHRE); the director of the National Institute of Telecommunications (INTEL); Hugo Torrijos, director of the National Port Authority; and Victoria Figge, director of the Colon Free Zone.

For more than three hours, the businessmen listened to the directors of these institutions explain the advantages of investing in Panama.

Today, the investors will visit the reverted areas and will meet with Interoceanic Region Authority (ARI) Administrator Nicolas Ardito Barletta who will give them details regarding the business opportunities in the Canal area.

Sosa believes that the Panamanian public and private sectors will see their efforts come to fruition in investments.

This is the second meeting organized by USPA to shower attention on high-ranking U.S. officials in order to attract U.S. investors and explore different business possibilities.

"They are all interested in Panama. They are paying their own expenses and taking time from their businesses to study the opportunities Panama offers," Sosa said.

Federal Express Shows Continuing Interest in Panama

To Russell Young, Federal Express's trade development representative, Panama is a country with "tremendous opportunities" for investments.

With all the changes taking place in Latin America, Panama is one of the countries that offers one of the best opportunities, not only because of the opening of different sectors, but because of its good position in the continent."

Regarding Federal Express' plans, Young said that currently there are many studies to expand the company's presence in South America.

Nevertheless, Young added,the Central American region has certain limitations. "That is why we are conducting several studies to improve this situation and offer clients a global service."

Young did not give any details on this.

Latin America ranks second in importance after Asia. Therefore, Federal Express has determined that the future of the company in the Latin American Division lies in Mexico and Brazil.

"This does not mean that Panama and the other Latin American countries are not important, but our immediate target is in those two countries," Young said.

Young emphasized that Federal Express continues to study where it will establish its distribution centers in the area and the possibility of Panama being one of these Federal Express service points is very good.

The information Federal Express takes into consideration to establish a distribution center are market size, how and in what way Federal Express can serve the private sector, airplane flight schedules, and the proximity to other important markets.

Panama: Banking Commission To Decide Banaico's Fate

PA2103211996 Panama City LA ESTRELLA DE PANAMA in Span 21 Mar 96 p A1

[By Cristobal A. Chen]

[FBIS Translated Text] Planning and Econmomic Policy Minister Guillermo Chapman announced yesterday that the National Banking Commission [CBN] will determine in the next 48 hours whether the intervened Agricultural, Industrial, and Commerce Bank of Panama [Banco Agro-industrial y Comercial de Panama — Banaico] is to be liquidated, or instead, if its operations are to be reestablished.

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The minister who presides the commission, explained that another alternative in the Banaico case would be the reorganization of the bank, something that would imply new investors furnishing capital to the entity.

Chapman confirmed that last Friday, Banaico's intervenor, Erasmo Castro, presented a financial report so that the CBN may decide the bank's future.

The CBN board of directors is composed of four government sector representatives and three of the private sector representatives.

Banaico was intervened by the CBN at the request of its administration when it was unable to fulfill its commitments in the latest sessions of the clearing house.

Regarding a possible liquidation of Banaico, Minister Chapman said: "The closing of a bank always has negative effects to the extent that savers do not fully recover their deposits, but this is a fairly small bank with a very reduced portion of the total amount of deposits in the Panamanian banking system."

Chapman explained that in bank liquidations, the CBN transfers the case to a judge who appoints an intervenor, who, according to the law, establishes the payments to be made to employees and savers.

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Argentina

Argentina: Senate Denounces UK Policy for South Atlantic

PY2103155596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1118 GMT 21 Mar 96

[FBIS Translated Text] Buenos Aires, 21 Mar (NA) — The Senate has approved a draft resolution condemning the UK Government "for its recurrent violations of international law through the announcement of threats to use force," and for its attempts to collect fees for authorizing fishing in the Malvinas Islands, Georgia Island, and South Sandwich Islands.

The resolution confirms Argentina's "legitimate and imprescriptible sovereignty rights" over those islands and emphasizes "the Argentine nation's irrevocable and permanent decision of regaining these territories and their maritime areas, in keeping with the principles of international law."

The draft resolution was sponsored by Justicialist [Party — PJ] Senator Eduardo Menem and, despite the criticism voiced by opposition congressmen toward the official policy on the Malvinas issue, was unanimously approved last night.

The Senate's resolution asks the executive branch to report the British actions to UN Secretary General Butrus Butrus-Ghali, the UN Security Council, the OAS, and the Rio Group.

The resolution also condemns the UK Government "for its recurrent violations of international law through the announcement of threats to use force and through the noncompliance, in bad faith, with the obligations that London contracted when establishing the Convention on the Conservation of Antarctic Marine Living Resources (CCAMLR)."

Argentina: Decree Regulating Patent Law Explained

PY2103221096 Buenos Aires TELAM in Spanish 2138 GMT 20 Mar 96

[FBIS Translated Text] Buenos Aires, 20 Mar (TELAM) — President Carlos Menem today signed Decree No. 260, which regulates the Patents Law in accordance with agreements between the executive branch and congressmen following a round of consultations.

Explaining the scope of the new decree, Coordination Under Secretary Alberto Garcia Lema said: "Eight of the 10 points over which the executive branch and congressmen disagreed have been fully resolved."

The official said there are still "some disagreements regarding nonvoluntary or compulsory licenses. He said the advances made toward establishing a transition period were sufficient, and Congress will not veto the second article of Law No. 24603."

In remarks at the Press Room of Government House, Garcia Lema said this insistence "prevented the executive branch from regulating the industrial property section."

The new decree, with its three annexes, cover 70 pages. It replaces Decree No. 590/95.

It includes the text of Patent Law No. 24481 and incorporates the corrections introduced by Law No. 24572, which regulates this text, article by article, and establishes the tariffs on each brand.

Garcia Lema said: "This is the fruit of many months of work. It began in November or December 1995 and (only last week) the final result was achieved with the signature of the chief of state."

Asked about the prices of medicines following the implementation of this decree, the official said: "Through the Patent Law and the decree, the patents that will be protected are those solicited as of 1 January 1995."

He added: "The protection of these patents will become effective in 2000. During the period of transition, the current rules will be applied unchanged."

The official said: "Medicine price increases are not regulated by the state. Medicines that were on sale prior to the signing of the decree remain in the public dominion."

He stated: "The transition period will last, without discussion, five years. Requests for new patents, which will be known as 'requests for new products' will be handled after 2000."

He added: "The disagreement with Congress over this matter has nothing to do with the transition period; it concerns the period after the year 2000."

Garcia Lema commented: "The cabinet chief is promoting a draft law on secrecy of information with regard to medicines and other products such as agrochemicals that require prior administrative approval before they can be put on the market."

He said this initiative "is very important for the protection of intellectual property, which is the result of many years of research and development, as well as large investments, and because it was not specifically protected by our legislation."

The official stated these rules "are needed to typify crimes and punishment to protect information on the

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experiments required to determine the safety and efficiency of those products in the process of obtaining marketing approval."

To highlight the importance of this protection, he commented that during a visit to Argentina last week, U.S. expert Robert Sherwood indicated that confidentiality of information "is on a similar level to what is granted by the Patent Law."

Argentina: Details, Importance of Patent Law Approval

PY2203021596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1101 GMT 21 Mar 96

[FBIS Translated Text] Buenos Aires, 21 Mar (NA) — President Carlos Menem finally signed the regulatory decree to the law on Patents of Inventions and Useful Models establishing a period of five years for national laboratories to begin paying royalties to inventors of pharmaceutical formulas.

The decree is in accordance with the requirements of the former Uruguay round of GATT talks and could put an end to more than a year of debates.

Cabinet Chief Coordinating Secretary Alberto Garcia Lema said yesterday that the new measure will not provoke an increase in the price of medicine.

Humberto Roggero, president of the Chamber of Deputies Industry Committee, said that the norm will give Argentina the possibility of "savings of up to $540 million per year" during the five years of the transition period and until the payment to foreign laboratories becomes compulsive.

Garcia Lema said that the legislative and executive branches had differences on 10 items, which provoked long months of debate, adding that of these 10 points, "eight have been resolved by consensus."

Garcia Lema admitted that there are still "some differences on one aspect of the issue of nonvoluntary licenses and on the issue of the transition period," which will last five years counting from 1 January 1995 and involves the charging of royalties by the owners of pharmaceutical inventions.

Garcia Lema said that during the negotiations with legislators "there was enough progress to convince them not to insist in overriding the veto of Article 2. This article deprived the executive branch of the prerogative to regulate the area of industrial property."

Garcia Lema also said that the office of the cabinet chief "is sponsoring a draft bill on the secrecy of information on medicine and other products that require administrative approval before they are sent to the market. The draft is in an advanced state of analysis."

Garcia Lema said the draft bill has "great importance for the protection of intellectual property rights," adding that according to experts, "the bill raises the issue of confidentiality to the level and importance of the patent law."

Garcia Lema said that the law, once it is promulgated, "will be used to define specific sanctions to protect the information contained in reports on experiments conducted to determine the products' safety and efficiency."

Agusto Alasino, leader of the Justicialist Party bloc in the Senate, said that this decree "reconciles all Argentine and foreign economic interests."

The legislator talked about the issue of patents after a meeting at government house with Chief of Cabinet Eduardo Bauza, Energy and Transportation Secretary Carlos Bustos, and Justicialist Senators Antonio Cafiero and Jose Manuel de la Sota.

Alasino said that those who participated in the debate always tried "to have a certain control on investment rights and their influence on medicine prices."

"We also wanted to protect our industry while it is retooled to become more competitive," Alasino said.

The legislator then explained that "we fully agreed on eight out of the 10 points in discussion," adding that "Article 42 on compulsory licenses was left as drafted by legislators and Article 101 on the transition period as it was drafted by the executive branch, with five-year license periods."

Alasino concluded by saying that Argentina "has accepted a compromise that will not satisfy all parties, but we believe it will satisfy a majority of them."

Argentina: 1996-97 Economic Program Submitted to IMF

PY2103183496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2240 GMT 20 Mar 96

[FBIS Translated Text] Buenos Aires, 20 Mar — The Argentine Government has promised the IMF that it will modify the Collective Labor Negotiations Law, deregulate the social works and the PAMI (Comprehensive Medical Assistance Plan), and implement a program of reforms pertaining to the provincial central administration and the financial sector.

These items are contained in a memorandum that the Economy Ministry submitted to the IMF, and the document also includes the economic goals for the 1996-97 period.

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A 5 percent growth rate and a 2 percent annual inflation rate is estimated for 1996, data that Economy Minister Domingo Cavallo has repeatedly reported.

Regarding exports, Argentina estimates a slight increase in exports during 1996, and it also expects a recovery in the import sector due to an increase in economic activities.

The memorandum predicts an accumulated deficit in the public sector amounting to $2.5 billion in 1996, expenditures amounting to $48.9 billion, and an increase in the international reserves of the Central Bank amounting to $1.18 billion.

The net disbursement of the internal and external debts of the public sector will amount to $3.5 billion, and the short term debt will be increased by $1.8 billion.

Concerning the tax sector, there is the promise to eliminate exemptions with regard to the profits tax and maintain the VAT at 21 percent, "with the option of implementing a reduced VAT for certain basic products."

According to the document, Argentina "hopes" to be able to reduce the equal VAT installments because it believes that the current situation "encourages evasion," although it has conditioned this possibility upon an increase in the rate of collection.

Referring to the increase in the servicing of the debt in 1997, the Economy Ministry proposes to renegotiate the expiration dates "in order to increase the average duration of long term loans in accordance with the improved conditions that are now being observed in the international capital markets."

Regarding the labor sector, the government has promised to submit to Congress "in 1996 additional projects in order to reform the Collective Labor Negotiations Law."

Referring to the health sector, the memorandum indicates that "a program of reforms for the PAMI and the Union Social Works" will be established during the second half of the year, and that this program has the support of the International Bank for Reconstruction and Development (IBRD).

In 1997 the government plans to accelerate the growth of the GDP and "maintain inflation at a low level."

The government hopes that there will be an increase in the internal demand and in investment, as well as in exports and imports, and it hopes to maintain a balanced budget.

Finally, the government proposes that the progress of the economic plan be revised on 30 September 1996 and 28 February and 31 August 1997.

Argentina: Confidence in Convertibility Program

PY2103202296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1617 GMT 21 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 21 Mar (NA) — At noon today Enrique Iglesias, Inter-American Development Bank (IDB) president, expressed confidence in the Convertibility program. He emphasized that "no one abroad doubts that the current economic system will be pursued." The international market "confidence relies on this fact."

The banker emphasized: "International organizations are satisfied because the (Argentine) economic policy has not been challenged."

Iglesias made these remarks after meeting President Carlos Menem at the Olivos residence. Iglesias invited Menem to participate in the 37th Annual IDB Assembly, scheduled for 25 March in Buenos Aires.

Iglesias confirmed the president's presence. During the IDB assembly, Menem will deliver a speech.

Iglesias downplayed Argentina's employment problem, pointing out that this scourge "represents a widespread phenomenon that will be solved as the economic upturn begins." [passage omitted]

Argentina: Turkish Official on Contacts, Human Rights

TA2203073096 Ankara TRT Television Network in Turkish 1800 GMT 21 Mar 96

[Burhan Ozdemir video report from Buenos Aires]

[FBIS Translated Text] A parliamentary delegation headed by Mustafa Kalemli, speaker of the Turkish Grand National Assembly, has concluded its official visit to Argentina.

During an assessment meeting he held on the last day of his visit, Kalemli said that the social, political, and economic relations between Argentina and Turkey have reached their highest level. Explaining that both countries experienced similar stages in the economic area, Kalemli said that views were exchanged on issues such as inflation and privatization. Noting that Turkey and Argentina have made significant contributions to democracy, Kalemli added that both countries adopted the principle of respecting human rights in a bid to safeguard world peace.

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Remarking that a great duty befalls friendship groups and businessmen in expanding relations between the two countries, Kalemli stated that Argentina will abstain from behavior that may offend Turkey.

[Begin Kalemli recording] We particularly pointed out one issue. The issue in question concerns a law adopted by the Argentine parliament last year. This law, which was later vetoed by the president and which was overtaken by events after the elections, reflected the demands of the Armenian community here and was connected to 24 April. We raised this subject with the honorable President Carlos Menem and all the other officials. We made it very clear to them that Turkey will be offended if the Argentine parliament adopts such a law in the future, pointing out that it will not be in line with the friendly relations between us. The honorable President Menem and the assembly speaker have assured us that this issue was closed and that it will not be brought up again. I would like to say that I am pleased with this development, and I underline the fact that this stand adopted by the Argentine officials is very much in harmony with ties of friendship. [end recording]

Prior to this statement, Kalemli met with a delegation headed by Senate acting president Eduardo Menem. At the meeting, Kalemli said that Turkey and Argentina face numerous similar issues and that both countries arrived at the present day by surmounting them. Kalemli remarked that both countries acted along the lines of the parliamentary system and legal codes during their struggle. Explaining that Turkey is faced with issues such as terrorism, inflation, and social security organizations, Kalemli stressed that efforts to solve the terrorism issue were based on the principles of international law and human rights. Kalemli further stated that Turkey's foreign policies were based on the principle of peace in the country, peace in the world.

Explaining that the problems between Turkey and Greece were continuing, Kalemli said that Greece was not right regarding the issues it brought to the attention of world opinion, adding that, in turn, Turkey was proved right on these issues.

On relations between Turkey and the Turkic republics, Kalemli stressed that Turkey assumed the position of a bridge in the region. Kalemli further stated that Turkey, which seeks peace and security in the Caucasus, expects that the territorial integrity of the countries will be respected when undertaking efforts to that effect.

Kalemli and his accompanying parliamentary delegation will leave Argentina for Turkey tomorrow.

Bolivia

Bolivia: Injuries in Demonstration Over Oil Company

PY2203021796 Madrid EFE in Spanish 1954 GMT 21 Mar 96

[FBIS Translated Text] La Paz, 21 Mar (EFE) — Un unspecified number of persons were injured and others were affected by tear gas that the Bolivian police used in La Paz today to disperse groups of demonstrators who were protesting the capitalization of the state-run petroleum company.

The demonstrations, which were simultaneously held in several places in the city, became stronger after it was known that refineries and oil fields were put under military control to guarantee the normal supply of oil.

The demonstrators, who closed the streets in downtown La Paz and upset traffic at midday, in several neighborhoods clashed with police using sticks and stones. The number of injured has not yet been reported.

Interior Minister Carlos Sanchez said that the objective of the military intervention early this morning in the oil fields and distribution and refining facilities of Bolivian Government Oil Deposits (YPFB) in Santa Cruz, Cochabamba, Tarija, La Paz, and Chuquisaca is to "prevent abuse, and to preserve the normal supplying of fuel."

The government fears that some radical sectors of the petroleum union movement may attack YPFB facilities, for which reason it placed them under surveillance "as a preventive measure," YPFB President Arturo Castanos said after arriving in Santa Cruz.

Castanos accompanied Labor Minister Reynaldo Peters and Minister of the Presidency Guillermo Justiniano to Santa Cruz, 851 km east of La Paz, in an effort to promote dialogue with oil workers and to avoid confrontation.

In statements to the newspaper EL MUNDO of Santa Cruz, union leader Pedro Limon reported that oil worker unions scheduled a march for today from Camiri District, 1,035 km south of La Paz, to the city of Santa Cruz.

According to Limon, to prevent police repression the almost 400 oil workers, university students, teachers, and unionists of Camiri will not walk along the highway, but they will cross fields and several Guarani communities in their 300-km march to Santa Cruz.

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Bolivia: Labor Federation Strike Expected To Spread

PY2103150696 Madrid EFE in Spanish 2308 GMT 20 Mar 96

[FBIS Translated Text] The Bolivian Labor Federation (COB) today called upon its rank and file to increase the number of people on hunger strikes in response to government allegations that very few people are actually hunger striking.

Interior Under Secretary Hugo San Martin has labeled the hunger strike a "failure" and recalled that COB leaders had claimed that every day at least 100 people would be joining the hunger strike that began on 11 March. San Martin added that "so far there are only 500 people on hunger strike."

Ten days ago the COB started an indefinite strike and called upon its top leaders to go on hunger strike to pressure the administration into answering a list of 246 demands that the organization submitted in December 1995.

The strike began on 11 March and key productive sectors are expected to start joining it on 21 March. The oil workers, who oppose the administration's plan to sell 50 percent of the Bolivian Government Oil Deposits to a multinational company, will join the COB strike as of 25 March.

As of now 426 union leaders are on hunger strike and new people are expected to join them shortly to replace the 56 casualties for health reasons that there have been so far.

Public health workers have called an indefinite strike starting on 21 March, although emergency services at state medical facilities will be maintained.

University students are also planning to join the hunger strike and the general strike as of 21 March, and to participate in the demonstrations that teachers and retired public servants have announced.

Oil workers unions have threatened to cut fuel supply, which prompted the administration to warn them that it will ask the Armed Forces to take over the oil fields to guarantee fuel supply to factories, transportation and domestic use.

The COB wants the minimum wage, which is 205 bolivianos ($41), increased to 615 bolivianos ($125) and opposes the privatization of key state-owned industrial and services companies. The COB is also demanding respect for the workers' right to protest and to strike, because the administration has been reacting to such measures by jailing and suing labor union leaders.

Brazil

Brazil: U.S. Trade Representative Meets Cardoso, Officials

PY2103155296 Sao Paulo GAZETA MERCANTIL in Portuguese 20 Mar 96 p A4

[Article by Isabel Versiani]

[FBIS Translated Text] Brasilia — Foreign Minister Luiz Felipe Lampreia and U.S. Trade Representative Mickey Kantor, who is visiting Brazil, yesterday decided to meet with U.S. Secretary of Commerce Ronald Brown to review the bilateral trade situation. The objective of the meeting, according to Lampreia, is to study the possibility of increasing the access of Brazilian products to the U.S. market.

Brazil has increasingly registered deficits in its trade with the United States. Last year alone the trade balance registered a $1.6 billion deficit for Brazil. The main causes of this deficit, according to Brazilian exporters, were the high import tariffs imposed by the United States on some products like oranges, besides the "antidumping" [previous word in English] processes against Brazilian steel exports and the subsidies paid to chicken exports.

During a luncheon at the National Confederation of Industry (CNI), Kantor yesterday heard complains from CNI President Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte] on these matters. "The economic opening has given a new momentum to U.S. exports to Brazil, whose value increased by nearly 121 percent between 1989 and 1995. On the other hand, the performance of Brazilian exports to the United States has been ridiculous," Bezerra said, as he listed the obstacles imposed by the United States on Brazilian products.

Kantor answered by alleging that the United States is currently the largest open market in the world. According to him, total imports in the United States in 1995 amounted to $740 billion, which is a world record. He nonetheless acknowledged that the U.S. market still has restrictions, but he guaranteed that his country is working to modify this. "The ideal would be for partners to always receive equal treatment," he said. He recalled that the United States feels solidarity toward Brazil on this matter because it also suffers restrictions in other markets.

Mickey Kantor asserted that the United States has benefited from the changes in the field of trade in Latin America. He reported that U.S. exports to the region are equal to those made by the EU. By 2010, the U.S. Government estimates that exports to the region will reach $232 billion, surpassing exports to the EU and Japan together.

Yesterday morning Kantor met with Chamber of Deputies President Luis Eduardo Magalhaes and Senate

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President Jose Sarney. Late in the afternoon he was received by President Fernando Henrique Cardoso. Kantor, together with Lampreia, will travel on 20 March to Cartagena de las Indias, Colombia, where they will attend a meeting of foreign trade ministers of the Americas to negotiate the creation of the Free Trade Area of the Americas (FTAA).

Brazil: U.S. Trade 'Barriers' Negotiated Case by Case

PY2103161196 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Mar 96 Section 2 p 7

[FBIS Translated Text] Foreign Minister Luiz Felipe Lampreia will negotiate with U.S. Secretary of Commerce Ronald Brown and U.S. Trade Representative Mickey Kantor the situation of Brazilian products that face trade barriers in the United States on a case by case basis.

The Brazilian products that encounter most restrictions in the United States are steel products, orange juice, poultry, and fruits.

Lampreia announced the negotiating approach as he was standing beside Kantor, with whom he will travel to Cartagena (Colombia) on 20 March to attend a meeting of commerce ministers of the Americas.

Kantor spent the day in Brasilia yesterday and met with President Fernando Henrique Cardoso, Chamber of Deputies President Luis Eduardo Magalhaes (PFL-BA) [Liberal Front Party-Bahia], and Congress President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa], in addition to Lampreia.

Brazil: 'Collision Course' With U.S. Over FTAA Creation

PY2103171696 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Mar 96 Section 2 p 7

[Report by Clovis Rossi]

[FBIS Translated Text] While Brazilian President Fernando Henrique Cardoso and U.S. President Bill Clinton may exchange pleasantries in public, starting today the diplomats of both countries are again on a collision course.

The new hurdle in Brazilian-U.S. relations is called ALCA, in Portuguese, or FTAA, in English, which stands for the Free Trade Area of the Americas, an ambitious proposal to create a free trade zone encompassing the 34 countries of the Americas, excepting only Cuba.

Today and tomorrow, foreign trade officials of the 34 countries are scheduled to meet in Cartagena, Colombia, to discuss the next steps toward creating the free trade zone.

Brazil and the United States are going to Cartagena with quite different views. The Americans seek to expedite the FTAA process, which would require that other countries further open their markets.

Ambassador Botafogo Goncalves, Itamaraty's (Brazilian Foreign Ministry headquarters) leading negotiator, said that Brazil considers it "rather inconsistent to move at such an accelerated negotiating pace in building the FTAA."

Brasilia and Washington are not only at odds over the negotiating pace concerning the FTAA, but also over how to go about creating it.

The United States wants to attract each country individually. Brazil prefers that negotiations be held with regional blocs that are already in existence or in the process of being created.

Thus, in the specific case of Brazil, no bilateral negotiations would be held. These negotiations would be held between the United States and Mercosur — a bloc consisting of Argentina, Brazil, Paraguay, and Uruguay.

This position is based on the following simple reasons:

1. Mercosur is obviously stronger than each of its four member countries, individually considered. Thus, the Mercosur bloc would have greater bargaining power than each individual member country.

2. Mercosur has its timetable of economic opening and the Brazilian Government finds it more prudent and logical to maintain this timetable rather than to surrender to one imposed by the world's leading power.

That is, as Goncalves said, "the transition (from a stage of protectionism that prevailed in the Brazilian policy to one of economic opening) requires a period for taking a deep breath and for adjusting to competition."

Goncalves states that this period is not just a pretext to preclude competition, but "a perfectly understandable economic reality."

Contentious issues are not limited to that of the FTAA. The Brazilian Government has insisted on U.S. removal of trade barriers affecting U.S. imports of some Brazilian products.

Brazil complains, for instance, about the unjustified adoption of antidumping measures against Brazilian steel products, the high tariff rates charged on Brazilian orange juice, and the excessive health and sanitation requirements concerning agricultural products.

Botafogo Goncalves added: "There is also a file on the difficulties Brazilian shoes and textiles are facing in terms of gaining access to the U.S. market."

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Brazil: Motta Visits New York, Meets U.S. Businessmen

PY2103160596 Sao Paulo AGENCIA ESTADO in Portuguese 0048 GMT 21 Mar 96

[Report by correspondent Paulo Sotero]

[FBIS Translated Text] Washington, 20 Mar (AE) — Executives of large U.S. investment banks are beginning to worry about the Brazilian administration's lack of resolve in dealing with its opponents in Congress which is delaying the structural reforms. After a four-hour meeting with Communications Minister Sergio Motta early this week in New York, the U.S. executives today told AGENCIA ESTADO that they trust the chronic public deficit will be eliminated and that the stability promoted by the Real Plan will be consolidated.

A small group of investors clearly conveyed their concern to Motta on 19 March. During the meeting, in light of Motta's leading role as a political coordinator and as a trusted aide of President Fernando Henrique Cardoso, an executive asked him if the time has not come for Planalto Palace to act with greater resolve to counter the action of politicians who, despite claiming to be allies of the administration and of the president, have not missed a chance to act as enemies and to jeoparize the reforms program. The names of Senate President Jose Sarney (PMDB-AP) [Brazilian Democratic Movement Party-Amapa] and Senator Gilberto Miranda (PMDB-AM) [Amazonas] were mentioned.

Today, Motta and his advisers went to Washington to lunch with Brazilian Ambassador Paulo Tarso Flecha de Lima. Although regarded as a protocol call, Motta's visit to Flecha de Lima has a political significance at this time in light of the strong political ties and personal friendship existing between the ambassador and Senators Sarney and Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia], whose actions have made life difficult for Planalto Palace. Without making any official contact with U.S. officials or comments to the press, Motta returned to New York.

Recent setbacks suffered by Planalto Palace, such as the negative vote on reforms and the creation of the CPI [Congressinal Invesatigating Committee] on banks, have had no significant impact on the investors' confidence in the Brazilian administration. Yet, they are beginning to worry about them. An executive said: "If the fiscal situation were balanced, these political difficulties would not matter."

The executive added: "Yet, with a fiscal deficit amounting to 5 percent of the GDP, the stumbling blocks being placed in the way of the reforms are making the stabilization program more vulnerable." He added: "It does not suffice for ministers (Planning Minister Jose) Serra and (Finance Minister Pedro) Malan to say that these problems are part of the playing out of democracy. It is necessary to start showing more results."

Arturo Porzecanski, chief economist of the ING Bank, believes that the situation remains comfortable and repeats a standard explanation he usually gives his clients. He said: "I repeat the story about the race between a turtle and a rabbit, which was ultimately won by the turtle. After taking an initial comfortable lead, the rabbit sat on his laurels along the way, and was ultimately overtaken by the turtle. I always say that, like the turtle, Brazil is moving slowly, and it will ultimately win. In recent weeks, however, some investors have called me to ask whether the turtle has not fallen asleep."

The business executives believe that Brazil's success in attracting investments to modernize the telecommunications area will depend more on the administration's ability to make progress in the reforms than on specific privatization models and regulations. After attending the lecture Motta gave at the Plaza Hotel on 18 March, a businessman said that the doubts remaining about the final format of the program for opening the Brazilian telecommunications companies and for giving foreign capital access to new services, which have not yet been determined, are relatively less important than the political and macroeconomic outlook.

The executive said: "The size of the Brazilian market in this area is a decisive factor for investors. Yet, the scale of investments Brazil needs requires, as a precondition, a long-term stability guarantee that has unfortunately not yet been provided." Regarding a privatization model for the sector, which still depends on legislative actions, Motta appeared to be willing, in at least one meeting, to reconsider some of the ideas he presented at the seminar, such as that of leaving the sale of the telecommunications companies owned by the states for the final stage of the process.

Brazil: Senate Floor Rejects Request for CPI on Banks

PY2203021196 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 21 Mar 96

[Speakers identified by screen caption]

[FBIS Translated Text] The Senate floor has put an end to the proposal for a Congressional Investigating Committee [CPI] on banks. The CPI members had even met, but the government's pressure on the senators was stronger than the CPI.

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According to the administration's arithmetics, the score has been tight, but exact. The request for the CPI does not explain very clearly what has to be investigated. The request is unconstitutional, it must be annulled, and filed. This conclusion reached by the [Constitution and Justice Committee] rapporteur was supported with 13 votes in favor and 10 against.

[Begin recording] [Government leader Senator Elcio Alvares] I see this result as something that has come to help our thesis that this CPI was indeed unwanted by the country. [end recording]

As if nothing had happened, the CPI members met right afterward in the same room. Against the leaders' expectations, the PPB [Brazilian Progressive Party] representative showed up.

In a theatrical move, Senator Espiridiao Amin left his name blank on the list of attending senators. He was, nevertheless, caught in his own trap: He ended up being elected head of the CPI by the Brazilian Democratic Movement Party.

[Begin recording] [PPB President Senator Amin] I am president of a sub judice CPI. [end recording]

The whole thing was indeed but a pastime. Two hours later, the senators filled the Senate floor. According to government estimates, most of them had come to help put a definitive end to the CPI on banks.

Just like someone who is agonizing, senators who defended the need to implement the CPI on banks fought and fought in vain. The Senate floor confirmed by 48 votes in favor, 24 against, and three abstentions the conclusion reached by the Constitution and Justice Committee, and the request for the CPI has been filed.

Senate President Jose Sarney said that the Senate floor's decision was wrong, that it did not help the country, and that it can even damage the Senate's image.

The opposition parties will appeal the decision before the Federal Supreme Court.

Brazil: Accord Reached on Debt With Dart Family

PY2103220896 Sao Paulo AGENCIA ESTADO in Portuguese 2108 GMT 19 Mar 96

[Report by Soraya de Alencar]

[FBIS Translated Text] Brasilia, 19 Mar (AE) — In an agreement closed in New York on 18 March, the Brazilian Government paid $25.3 million to the Dart family — who are the largest non-financial creditors of the Brazilian foreign debt — and was able to reschedule, until 2007, the payment of the principal of the debt that the country has with the family, which totals $1.32 billion. Through this accord, Brazil ended a dispute that had been dragging on since 1992 and had been fought even in U.S. courts. When he announced the accord today in Brasilia, Gustavo Franco — Central Bank director for foreign affairs — said: "The past difficulties have been solved."

Franco explained that the year 2007 deadline for payment of the debt means that the principal remained in the papers originally purchased by the Darts, which are MYDFA (Multi-Year Depositary Facility Agreement). The Brazilian Government issued these certificates in September 1988. They were valid for 10 years with a seven-year grace period. As soon as the accord was closed, the Darts transferred the $1.32 billion debt to a company headquartered in the Cayman Islands.

As a result of the transfer, Brazil now owes the principal of the debt to Coutts and Company Ltd., which is a subsidiary of the British National Westminster Bank. The debt with the Darts now totals only $52.3 million and consists of interest that became due before April 1994, when the family refused to follow the example of the other Brazilian creditors and exchange the MYDFAs for new documents, the Brady bonds, which can be paid for in as much as 30 years. The $25.3 million that have already been paid in cash [preceding word in English], refer to the first portion of interest that has become due after April 1994, the date when the agreement on the foreign debt was closed. Only 50 percent of this interest has been paid for.

As a guarantee on the payment of this interest, Brazil issued new papers. This time it was the EI (Eligible Interest) [two preceding words in English] bonds, which are valid for 12 years and have a three-year grace period. Monetary correction on these bonds is identical to the one applied on the MYDFA and is equivalent to the Libor (London Interbank Offered Rate) plus 13 to 16 percent. Brazil will continue to pay to Coutts and Company Ltd. 100 percent of the interest in six monthly installments, as these become due.

In the accord with the Darts, the Brazilian Government also renegotiated the sum of $1.43 billion that the Bank of Brazil had in MYDFAs. In order to prevent the Darts from obtaining a U.S. court order forcing the country to immediately pay the whole debt, the Cardoso Administration established that the Bank of Brazil should not, at the time, exchange the MYDFAs for the Brady bonds. The Darts' lawsuit would only have power if the Bank of Brazil, which was the largest MYDFA creditor, supported the complaint.

In order to pay for the principal of the debt to the Bank of Brazil, the National Treasury issued certificates, such as the NTN-N [National Treasury Notes-N], corrected

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in accordance with the exchange rate plus 6 percent per year, and handed them to the Bank of Brazil. The new certificates, which have a payment term similar to that of the MYDFAs, have replaced the NTN-L [National Treasury Notes-L]. These were nonnegotiable certificates that were among the Central Bank assets in order to compensate for the MYDFAs' liability. Franco pointed out that the NTN-Ns are corrected in percentages similar to those the government would have had to pay for the MYDFAs. Effectively, however, the operation is a way of exchanging the foreign debt for the domestic debt. Franco emphasized: "It consisted of exchanging a fluctuating tax for a fixed tax."

The Bank of Brazil received in cash, i.e., the payment of interest that became due after April 1994, a total of $44.1 million. In EI bonds, the bank received a total of $196.9 million. In Gustavo Franco's opinion, the accord means that the country has managed to end a pending dispute that prevented the government from "concluding the episode on the foreign debt." When he announced the accord, Franco expressed his joy and pointed out: "We turn this page of our history with satisfaction."

Brazil: President Cardoso's Weekly Address on Internet

PY2103202696 Rio de Janeiro O GLOBO in Portuguese 20 Mar 96 p 8

[FBIS Translated Text] Maurilio Ferreira Lima, the chairman of Radiobras [Brazilian Radio Broadcasting Company], is trying to make up for the headaches he has caused President Fernando Henrique Cardoso by doing things like censoring songs of the Mamonas Assasinas rock group on radio stations that belong to Radiobras. Ferreira Lima has now put Fernando Henrique Cardoso's weekly radio address on Internet. He is also planning to use Internet to unleash a movement in favor of constitutional reforms. This time he has the support of Government House. As of 25 March, Radiobras will be releasing this material which may be accessed at the following Internet address: http:saw.cd.sid.com.br/radiobras.

Brazil: Cardoso Impatient on Reform Approval

PY2203033596 Rio de Janeiro O GLOBO in Portuguese 21 Mar 96 p 4

[Report by Denise Rothenburg and Hugo Marques]

[FBIS Translated Text] Brasilia — Irritated by the lack of support from allied parties, President Fernando Henrique Cardoso has even thought of calling for a referendum to seek people's support for the completion of the reform process. According to what he told some friends, his patience with the congressional delay is running out. In private conversations, the president — who considers the referendum a last resort — set a deadline for changing his strategy: If Congress has not yet approved the reforms in July, the government will wait for the October elections and will immediately start what he refers to as the second phase, which will include a cabinet reshuffle.

Based on the voting of the first two years of the administration, the idea is to remove from the executive branch those officials whose parties or factions did not cooperate.

On 20 March, during a meeting with 50 lawmakers from Rio Grande do Sul, Parana, and Santa Catarina, who went to Planalto Palace to ask for the decentralization of investments, the president said that Brazil is tired of postponing changes.

He said: "Do not be deceived. Without social security, administrative, and tax reforms, this impetus that we are giving to Brazil will stop, it's as simple as that. Therefore, this is the time. We cannot hesitate. We have to put an end to privilege. There is no other alternative. The country is tired of an evil structure in which everyone says: 'Leave it as it is, don't mess with it. Let's leave it, postpone it for tomorrow or for next year.'"

The president said that investment depends on constitutional reforms. Cardoso remarked that currency stability also depends on the reforms. He added that stability is an essential precondition for economic growth, and for this objective, politicians must give up their personal interests.

"They should not take into account their popularity. They should not take into account anything. They should do it," Cardoso said.

One of Cardoso's major disappointments is with the PMDB [Brazilian Democratic Movement Party]. Some of those who have always supported the president, like PFL [Liberal front Party] and PSDB [Brazilian Social Democracy Party] members, are advocating strong action on the part of the president against the PMDB.

Lacking the confidence that he previously had in his support base, the idea now is to approve what is possible and, as of 1997 start working with a simple majority: 257 deputies, which the government hopes to have with the PFL-PTB [Brazilian Labor Party] bloc, the PSDB, and the PMDB and PPB [Brazilian Progressive Party] factions that have supported the government.

There is an obstacle to the idea of a referendum: The Constitution sets forth that the matter must be regulated by a law, which has not yet been approved by Congress.

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Brazil: Government Approves Social Security Reform

PY2103183396 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 21 Mar 96

[Report by Mariluce Vilela from the Chamber of Deputies — passages in quotation remarks recorded; speakers identified by caption]

[FBIS Translated Text] The social security reform was approved during a tumultuous congressional session that included inflammatory speeches. CUT [Sole Workers Center] members standing outside protested against the social security reform, while Union Power members were inside to express support for the changes to the retirement system.

After finishing a count, the government congressmen had no doubts this time. Thus, they guaranteed at least 330 votes to approve the social security reform.

[Deputy Jose Anibal] "All the congressmen are here; even some who were in their states resting for health problems have come here and they will all vote. However, the maneuvers used by the government have irritated the opposition."

More than inflammatory speeches were given in the plenum. In order to guarantee the 308 votes necessary to approve the social security reform, the government even counted on deputies who took leave from their public posts and who returned to the Chamber of Deputies today to participate in the voting session.

[Deputy Nelson Proenca] "It was a joint decision we adopted together with Deputy Mendes Ribeiro and Governor Antonio. We thought it was important, at a serious, decisive moment for Brazil such as this one, that I and Deputy Mendes Ribeiro resume our mandates and come here to comply with our congressional duty."

However, what the opposition considers as most serious is the bill drawn up by Deputy Michel Temer, or worse yet, the last minute changes he made. The opposition alleges that he included several points not included in the original bill or in the alternate bills already discussed in the Chamber of Deputies, and that the bill was turned in today at dawn with several hand-written articles that are illegible.

[Deputy Sandra Starling] "This represents a lack of respect toward Congress. Independently from anyone's position, it is not possible for deputies to approve a bill like this."

As the Brazilian Social Democracy Party member was praising the bill, a fight began in the Chamber of Deputies plenum. Deputy Ana Julia, from the Workers Party-Para, attacked social security bill rapporteur Michel Temer and ended by provoking a general turmoil in Congress.

The social security reform was approved by a vote of 349 to 139. The government had 41 more votes than necessary. This does not mean that the new retirement rules have been definitively approved. Separate clauses will be put to a vote on 27 March; these modify some points of the bill that was approved today. The social security reform will still have to go through a second voting round in the Chamber of Deputies. After this, it will pass to the Senate, where it will also have to undergo two voting rounds.

Brazil: Senate Committee Decides To Shelve CPI on Banks

PY2103183196 Sao Paulo AGENCIA ESTADO in Portuguese 1716 GMT 21 Mar 96

[FBIS Translated Text] Brasilia, 21 Mar (AE) — By a 13-9 vote, the Senate Constitution and Justice Committee [CCJ] today approved a proposal submitted by Senator Jose Ignacio Ferreira (PSDB-ES) [Brazilian Social Democracy Party-Espirito Santo] that in effect shelves the CPI [Congressional Investigating Committee] on banks.

The CCJ decision must still be confirmed by the Senate plenum this afternoon. CCJ members who are in favor of the CPI are planning to meet simultaneously with the Senate plenum this afternoon, but it is very unlikely that they will be able to install the CPI in light of the CCJ decision to shelve it.

Chile

Chile: Progress in Negotiations With Mercosur Disclosed

PY2203011796 Santiago EL MERCURIO in Spanish 15 Mar 96 p A1

[By special correspondent Claudio Salinas]

[FBIS Translated Excerpt] Buenos Aires — The technical teams of Chile and the four countries which make up Mercosur [Common Market of the South] have reached an agreement for liberalizing 90 percent of their trade within eight years and to establish a maximum term of 15 to 18 years to complete the tariff reduction of 10 percent of the products remaining on the list of exemptions.

Chile also obtained important progress by keeping the current tariff preferences on wine and canned peaches, which are exported to Brazil, and by the fixing of a quota on tomato sauce, which would get the same benefit.

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The three products were originally on the list of exemptions of Mercosur but Chile was able to get them transferred to the sensitive list, which means a shorter term for the total elimination of tariffs.

Despite the important progress obtained on terms and products, the persistent position of Argentina to maintain measures which are not considered tariffs, such as statistics rates and compensatory rights, continues to be one of the factors delaying the possibility of a global agreement between Chile and Mercosur.

Even though the negotiations went beyond schedule, the delegations of the two parties agreed to resume the talks at the technical and political level at the meeting of foreign ministers of the Americas to be held in Cartagena, Colombia, next week. This meeting, which is part of the follow-up process on the goals established at the 1994 Miami Summit to establish a free trade area in the continent by the year 2005, becomes a framework for the meeting of the foreign ministers of Chile and the Mercosur countries to review the progress made in the negotiations.

The hope of the two parties is to reach a final understanding before 31 March 1996 because this is the expiration date of "the tariff preferences that were agreed on at the bilateral level under the ALADI (Latin American Integration Association) and which is helping 60 percent of the trade between Chile and Mercosur. [passage omitted]

Colombia

Colombia: President Willing To Propose Early Elections

PA2203025496 Mexico City NOTIMEX in Spanish 0213 GMT 22 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 21 Mar (NOTIMEX) — Local media sources reported this Thursday, that Colombian President Ernesto Samper is willing to quit and will propose advancing the presidential elections to November 1996.

According to the RCN radio station, this option is one of Samper's possible withdrawal from government after he has been charged of having ties with the drug cartels.

Samper has maintained permanent contacts with several sectors in the country to find a solution to the Colombian crisis and to conserve the nation's governability.

Colombia: Samper Said Negotiating Term Reduction

PA2203040396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0306 GMT 22 Mar 96

[Report by Juan Gossain]

[FBIS Translated Text] Attention: A ranking spokesman, a very high-ranking spokesman of the Narino Palace just confirmed a scoop that RCN [Radio Cadena Nacional aired at 2100 when we reported that President Samper will present formulas and is negotiating solutions to the political crisis that involve a reduction of his government term and an early exit from the presidency of the Republic.

I repeat, at the Narino Palace, a very ranking and qualified spokesman of the presidential palace has confirmed the RCN news previously aired and has expanded on it. I report the following: First, it was fully confirmed that President Samper has presented to several former presidents, union leaders, and political leaders a formula that includes a reduction — that is the word the Narino Palace used in its conversation with RCN — a reduction of the term of President Samper. The scoop, which was the result of collective work that we delivered via RCN at 2100, was confirmed. I said collective work because it was carried out simultaneously between "Radio Events" of RCN and "Viva FM" with our companero Julio Sanchez Cristo.

The Narino Palace has thus fully confirmed RCN's news and has asked us to make the following addition: President Samper, in his formula to reduce his government term, has touched on the economic aspect. The government has said it wishes to ensure that the Colombian economy is safe. Thus, Finance Minister Guillermo Perry is negotiating a gentleman's agreement with the countries' union leaders, the leaders of the private sectors who protect the Colombian economy from the crisis.

Second, the Narino Palace, just told RCN that Minister Perry is proposing, [pauses] is negotiating an agreement between the government and the economic groups. The Narino Palace also expanded on RCN news by adding that a basic political reform is being sought. It would include, among other things, the reorganization [reinstitucionalizacion] of the political parties, the financing of the parties by the state for the elections that would be held, should this agreement be approved, around 12 November, elections for president and the Congress around 12 November, but with financing of the parties by the Colombian state. There is also a proposal for a popular consultation to legitimize the parties. The candidates running for a particular party would have to

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be approved by the respective party for offices such as mayor, governor, councilman, deputy, and congressman.

The proposal of President Samper to negotiate his early exit from the government also includes a government-opposition statute to make viable the activity of the opposition in Colombia. The government proposes several solutions to the political crisis. A coalition government, a government of liberal union, a reduction, the Narino Palace said, of the presidential period with elections, as I said, around 12 November to elect president and Congress of the Republic, or a popular consultation.

The Narino Palace also advised RCN that President Samper's formula has one condition: That all this occur after the decision of the Chamber of Representatives in the trial of the president of the republic is known.

President Samper has spoken to, among others, the following national personalities: Former President Alfonso Lopez Michelson, who according to the Narino Palace, advocates a solution through a government of national union; the president also had lunch with Prosecutor General Valdivieso who advocates early elections; Former President Belisario Betancur, former President Cesar Gaviria, certain industrialists of the country, including Messrs. Luis Carlos Sarmiento, (Carlos Ardila Lule), Julio Mario Santo Domingo, and Augusto Lopez.

The Narino Palace also talked to the directors of political parties. More than the Narino Palace officials, President Samper personally met with them. We must admit that the president of the Republic is being courageous by seeking a way for his own early exit from the government. The persons I just mentioned, such as former President Gaviria, the country's businessmen, and the directors of the political parties, as well as the president of the Senate and the Chamber of Representatives do not advocate early elections to elect president, because they think that the Constitution must be respected, and thus, should President Samper step down, Vice President De la Calle should assume the presidency, instead of electing a new president of the Republic.

Colombia: Samper To Propose Solutions to Crisis on 22 Mar

PA2203032096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 21 Mar 96

[From the "Newstime" newscast]

[FBIS Translated Text] [Announcer] President Ernesto Samper will propose solutions to the political crisis; he will reveal new ideas in a speech he will deliver in the evening of 22 March. Luis Eduardo Maldonado has more from Narino Palace:

[Maldonado] President Samper has issued a communique referring to that news. It reads as follows: President Ernesto Samper Pizano met today at the guest house in Cartagena with former President Cesar Gaviria Trujillo to make an in-depth analysis of the political situation facing the country.

Amid an atmosphere of cordiality and frankness, President Samper and former President Gaviria examined various alternatives to overcome the crisis [passage indistinct]. This meeting was part of a tight schedule of consultations between President Samper and various personalities of national life throughout the week, including former presidents, businessmen, the prosecutor general, and directors of the parties represented at the Congress of the Republic.

Following the president's instructions, the finance minister met with the various groups to advance various formulas to achieve national reconciliation [words indistinct].

Colombia: Confidentiality of Process Against Samper Lifted

PA2203041396 Santa Fe de Bogota EL TIEMPO in Spanish 21 Mar 96

[Received via Internet]

[FBIS Translated Text] Once the president sanctions this law, any citizen will have access to the file, which the Accusations Committee currently has. The vote by the Senate and House of Representatives will be secret.

The Congress yesterday took the last step toward bringing President Ernesto Samper before a public trial for presumed infiltrations of drug trafficking money in the campaign that brought him to power.

This was thus established after the House approved the report on the conciliation bill that lifted confidentiality of proceedings in the trial against the president. The Senate did the same on Tuesday night.

The initiative, which the government itself voluntarily presented for Congress to consider in January, awaits presidential sanctioning. This means that within seven days, any citizen will have access to the file in the Accusations Committee.

It Reads

These are the main points of the bill approved yesterday, amending the 1992 fifth law:

1. Three investigators will be appointed to President Samper's case. One of whom will be the coordinator.

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2. The file as well as all deliberations before the Accusations Committee and deliberations before the House of Representatives' plenary meeting will be public. The confidentiality of evidence will be maintained.

3. Testimony with confidentiality of identity cannot be transferred to the investigation. However, confidentiality of evidence — which a legal official believes could hinder the process of other ongoing investigations if made public — will be respected, except when it involves the president.

4. Once the Accusations Committee approves the draft of the resolution, it will be assigned to the president of the House. The House will hold a plenary meeting to decide, in a 15-day term, whether to acquit or accuse the president at the Senate.

The vote to decide the president's fate will be secret, as currently is established in the Congress inner regulations.

5. The presence of a delegate from the public prosecutor's office will be compulsory during all proceedings carried out by the Accusations Committee.

On the other hand, yesterday, a subcommittee was appointed to review accusations presented against a group of representatives to disqualify themselves at the time of participating in these deliberations, alleging they were recipients of Samper's campaign money.

Additionally, this subcommittee will consider the situation of several congressmen, who have disqualified themselves from the proceedings against Samper, alleging conflict of interests. Three representatives from the Ethics Commission were accused and six others disqualified themselves.

Likewise, former Justice Jesus Vallejo Mejia filed a lawsuit at the Supreme Court of Justice against 12 of the 15 members of the Accusations Committee, charging them with breach of trust and bribery. In other words, according to the lawsuit, the congressmen concealed evidence in the initial phase of the trial against the president.

Colombia: U.S. Elections Said Hindering ALCA's Progress

PA2103035096 Madrid EFE in Spanish 2222 GMT 20 Mar 96

[FBIS Translated Text] Cartagena (Colombia), 20 Mar (EFE) — Guatemalan Gert Rosenthal, director of the Economic Commission for Latin America (ECLA), told EFE that the U.S. electoral process "has somehow messed up" the progress of the Free Trade Area of the Americas (ALCA).

Rosenthal also believes that "we are now in a hiatus, waiting for the November elections, and meanwhile the flame must be kept alive," due to which the Cartagena meeting is very important.

We are in the process of preparing and negotiations can be delayed until 1997, but "meanwhile, we have pursued government and private sector meetings, which keep alive the feeling that ALCA is being built," Rosenthal said.

Rosenthal said that "there will be no great announcements" in Cartagena because we know that this is going to be a lengthy and complex process, but we must maintain the resolve to fulfill the agreements that were adopted at the Miami summit in 1994.

Rosenthal is confident that most of region's groups and economic blocs "will contribute to an agreement while adhering to certain laws and regulations that will eventually lead to a convergence."

Regional and bilateral agreements "are not in themselves hindrances to a future convergence," although they might be contradictory, warned the director of ECLA, who cited as an example the Andean Group in which there are similar but resolvable cases.

The ECLA leader insisted that he sees no "frontal antagonism" between the intra-Latin American agreements aimed at attaining a worldwide agreement in the year 2005. He believes that their positions "are workable." He added that a debate is under way between the central European countries that want to join the EU, and that "it is preferable for them to first intensify and expand [those debates]. A similar debate is taking place, distances notwithstanding, in Latin America."

Within Mercosur [Common Market of the South] "a debate is under way among those who would like to further intensify their pledge to discuss the expansion of the organization's process, while others maintain that they want to make progress concurrently," Rosenthal underscored.

Regarding Cuba he said that although it "has a different economic model" it is "painful" to see that it is not represented at the meeting.

No one said, he concluded, "that the ALCA would be accomplished overnight. We are making progress, even in the United States from the viewpoint of domestic politics, but we are making progress."

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Colombia: U.S. Officials Cited on Trade, Progress

PA2003223196 Santa Fe de Bogota EL TIEMPO in Spanish 20 Mar 96

[Report by Ismael Enrique Medina — received via Internet]

[FBIS Translated Text] Free trade will become the tool for progress to strengthen the economies of the continent and the businessmen and the communities will be the main beneficiaries.

The United States has reasserted its interest to continue its support for continental economic integration and turn the private sector into the process' locomotive.

The U.S. Government, however, is insisting that the countries from the continent show interest in eradicating problems such as drug trafficking, injustice, corruption, or those problems related to human rights. Another priority is for them to open up their markets to more competition.

It is a request that a significant number of American countries will not find it easy to fulfill, and the United States recognizes this.

U.S. Commerce Secretary Ron Brown and presidential adviser Thomas A. McLarty addressed those issues during their participation in the Business Forum of the Americas.

Brown assured that one of the tasks that the governments and the businessmen will have ahead is selling the idea of a free trade area by the year 2005.

"By educating the people we will receive benefits and rewards, and that is the only way to commit all sectors of society and guarantee support," Brown explained.

According to the official, free trade will become the tool for progress to strengthen the economies of the continent, and the businessmen and the communities will be the main beneficiaries.

But the task is not the government's alone. The role of the private sector is even more important because the businessmen are the ones who do the real trading of goods.

In that regard, the expert recommends that industrialists become the permanent advisers of negotiation processes, since their products are at stake. Brown said that the governments, in addition to hearing businessmen's proposals, have the responsibility of eliminating obstacles and creating the ideal climate to encourage the exchange of goods and investments.

The Path Begins

Although he believes that the definite step toward promoting closer trade in the continent will not be taken in Cartagena, Brown is sure that the proposals will bear a significant impact on future trade relations.

According to Brown, we should not wait until the year 2005 in order to define integration. On the contrary, Brown assures that, hopefully, some inconveniences that make rapprochement among countries critical will be resolved in Cartagena.

The U.S. official said that problems will occasionally show up and the important thing is for the countries to pledge to solve them.

Regarding Colombia, Brown said that it is an important partner for the United States and the goal is to strengthen trade relations in the long-term.

Brown explained, however, that it will be necessary for Colombia to face some occasional problems and achieve results in its fight against drug trafficking.

He said that nobody can deny that political problems can have an influence on the economy and could affect the Free Trade Agreement of the Americas.

Brown asserted that the United States has the right to take a stance on international politics when trying to explain the reason for decisions on decertification or trade embargoes.

The official sees it very unlikely that Cuba will join the agreement, because it would have to change its style of government and promote a market economy.

McLarty stressed the participation of businessmen in the process and said that it should be strengthened. He added that the U.S. President defends the idea of governments designing the architecture of integration and businessmen building it. He said that he is in favor of having the executive branch listen to the leaders of American industry and pay attention to their observations. This is the only way that we will be able to raise the standard of living of the people of the continent.

These elements make up the ideal tools to order a new world rather than a new world order.

In conclusion, McLarty said that it is necessary to work constantly in order to keep the integration process from dying.

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Colombia: Police Defuse Bomb at Venezuelan Consulate

PA2203025596 Mexico City NOTIMEX in Spanish 1932 GMT 21 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 21 Mar (Notimex) — Colombian police today defused an explosive device placed by unidentified perpetrators at the Venezuelan Consulate in Bogota, said a spokesperson for the Venezuelan Consulate.

According to initial reports, the bomb was made of 1 kg of dynamite. The bomb-squad police unit detonated it at the consulate's door, where it was found.

Eloy Fernandez, who is Charge d'Affairs at the Venezuelan Embassy said the supervised explosion did not result in personal or material losses. He noted that they had received threats on previous occasions.

The Venezuelan Consulate is located in a Northern residential area of Santa Fe de Bogota.

According to Saravena Mayor Dario Arvalo, on Wednesday, Venezuelan military units entered Puerto Contreras in Colombia, evicting peasants and firing into the air.

Arvalo said Venezuelan soldiers went to that border town, questioned the peasants about their activities and went back to their place of origin.

According to the source, the soldiers fired in the air before leaving Colombian territory, therefore, units of the Army were asked to be present in the area.

So far this year, Thursday's incident was the third one of this nature taking place at the Colombian-Venezuelan border.

Venezuela increased the number of military operations at the border after Colombian rebels attacked a Venezuelan river post in January 1995, causing the death of eight Venezuelan marines.

Colombia: Authorities Dismantle 'Plot' Against Prosecutor

PA2203011296 Madrid EFE in Spanish 1935 GMT 21 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 21 Mar (EFE) — Today investigators of the Prosecutor General's Office of Colombia dismantled a terrorist plot against regional and national headquarters of this organization in Santa Fe de Bogota that, according to police sources, was to be carried out by guerrillas of the Revolutionary Armed Forces of Colombia (FARC).

Three presumed members of the urban militia of the FARC, the oldest and largest Communist guerrilla group in this country, were arrested. Weapons, drafts, and explosives were seized from them during the police operation.

The terrorist plot that authorities of the Technical Investigative Corp of the Prosecutor General's Office discovered was being hatched in a house at Ciudad Bolivar, a populous neighborhood of southern Bogota, the authorities reported.

The drafts found on the three presumed terrorists featured points in downtown Santa Fe de Bogota where the official buildings are located.

The national headquarters of the Prosecutor General's Office, which is handling the case of the presumed drug traffickers' financing of the 1994 electoral campaign, is located in northeastern Bogota and the regional headquarters is located in its downtown area.

The authorities reported finding dynamite and other explosives, materials used to make explosive devices, and two submachine guns in the house that was searched.

Colombian security organizations had already dismantled a plot against Prosecutor General Alfonso Valdivieso in December 1994.

The attack was to involve a bomb planted next to a street in northeastern Bogota that Valdivieso and a motorcade of his bodyguards would transit.

Deputy Prosecutor General Adolfo Salamanca, who is also responsible for investigations into the "narcoscandal" that has created a crisis for the government of President Ernesto Samper, has also been threatened.

Colombia: Guerrillas Said To Infiltrate Labor Unions

PA2103152596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 16 Mar 96

[Report by Dario Gomez and Fabian Fernando Diaz in Cali — live]

[FBIS Translated Text] [Gomez] Good afternoon, Caracol listeners. An uncertain calm prevails in Yumbo. General Jorge Miranda Del Carpio, commander of the 3d Army Brigade, said a few hours ago that there is a dangerous alliance between members of Yumbo's labor union and the guerrilla groups. He added that they are reportedly responsible for the riots that ended several years of tranquillity in the municipality — which was the site of bloody raids in the 1980s. Those raids were conducted by what is now the 19 April Movement.

This is what 3d Brigade Commander Gen. Jorge Miranda Del Carpio said about the labor union-guerrilla groups' alliance:

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[Begin Miranda recording] "The labor movements are heavily infiltrated by the guerrilla groups, by bandits, so we are patrolling precisely through that sector. A car-bomb was placed over there a few months ago, threatening the civilian population. They placed a car-bomb in front of a restaurant with the intention to cause damage at a military base. As a result, they injured citizens who live in that region of Yumbo. [end recording]

Gen. Miranda directly and specifically accused the president of the Yumbo Municipal Workers' Labor Union, Fidel Castro, one of the men who recently tied himself to a cross in protest of the labor conflict. The workers demand recognition of conventional rights for teachers in that municipality. Moreover, Caracol's journalists in Cali visited Yumbo today and assessed the situation that prevailed there last night and early this morning.

[Diaz] The result of a civilian rebellion against the curfew decreed in neighboring Yumbo Municipality is that two persons were killed, including a minor; a police inspector and an undetermined number of persons were injured; 18 persons were arrested; and destruction was reported in public offices, government officials' houses, aldermen's houses — even Mayor Carlos Alberto Moreno's house. Moreno is chairing a special security council at this hour, to seek alternatives and guarantee public order in Yumbo Municipality.

[Miranda] Referring to Yumbo's mayor, he insists on a proposal he made to the Yumbo Municipal Workers' Labor Union, but the labor union has turned down the proposal. What did the mayor say?

[Moreno] "We presented a proposal to them — to ask the governor, who has nothing to do with the labor union or with this administration, to appoint three persons. These persons would determine in eight days if this administration cannot pay, or if we can pay. They do not want to. They said an administration member, a labor union member, and a labor sector member should participate. I said we will expose no commission official to any threat — the arrival of third parties or whoever, threatening notes, threats, even the kidnapping of their children or wives or something like this."

[Miranda] The truth is that, despite the relative calm which currently prevails in Yumbo Municipality, there is tension among its residents. Rumors about the presence of guerrilla groups in Yumbo's mountain areas has made it necessary to strengthen police presence with its antiguerrilla groups and the Army's presence with its Codazzi Battalion and the Military Police.

Likewise, during the public order operations carried out in this zone, the Army managed to recover the body of one of the guerrilla members who was injured during the takeover of Florida Municipality this weekend. The guerrilla member's body is now undergoing the usual procedures by members of the Prosecutor General's Office who traveled from Florida Municipality.

Colombia: Trade Minister Urges Common Policies for ALCA

PA1903230496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 19 Mar 96

[Report by Carlos Mutton; from the "RCN Radio Events" newscast]

[FBIS Translated Text] RCN Cartagena — Colombian Foreign Trade Minister Morris Harf Meyer today called for an agreement of common policies for the establishment of the Free Trade Area of the Americas, ALCA. He said this at the entrepreneurial forum and the meeting of foreign trade ministers from America that is taking place in this beach resort on the Colombian Caribbean, before some 1,350 entrepreneurs from 34 countries.

After saying that every integration process has as its main goal raising the people's standard of living and reduce income differences among countries that comprise free trade areas, he stressed that what is sought is convergence. This coordination, he insisted, seeks to favor joint investments, the creation of enterprises that increase the economies' fixed capital, and the updating of social and economic policies, in addition to the joint development of the geographical areas that show obvious signs of contrast.

As far as Harf Meyer is concerned, one of the key mechanisms is the automatic tariff lifting, which should be complemented with the trade elimination of nontariff articles. This, he said, must be inspired on the principles of reciprocity. He added that agreements should be made on the concept of preferences granted aimed at reducing existing imbalances between the various economies in the region.

The Colombian politician said that his government does not envision economic growth if this does not also help social justice. He added that (?Colombia) has a population with signs of absolute poverty (?that only serves) to determine its existence. There, he stressed, we have duties that we cannot abandon for the sake of an integration for purely economic reasons. This integration, he stressed, must be clearly understood that it needs to extend throughout the community.

Morris Harf Meyer requested to work on the two days of entrepreneurial meeting and the third day with the heads

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of foreign trade of all American countries, less Cuba, so that there can be an agreement in the diagnostics and in the expectation for the consolidation of ALCA in the year 2005.

Harf Meyer said that one of ways to strengthen continental integration would be to strengthen subregional agreements that lead toward [word indistinct] blocs [words indistinct] and at the end of the period there not be a single economic bloc.

Colombia: Article Outlines Requirements for Integration

PA2003231696 Santa Fe de Bogota EL TIEMPO in Spanish 20 Mar 96

[Received via Internet]

[FBIS Translated Text] Although the businessmen in this continent would like to see more of integration, they are aware there are major obstacles that must be overcome.

Although everyone refers to integration as the great demand for the future, not only to improve the infrastructure of companies, but also to improve the living standards of the people, everyone knows the path is long and thus far, only a few steps have been taken.

The private sector hopes the governments will promote true integration, since thus far, they have devoted themselves to sign agreements and have promised closer ties, which have bore little fruit.

The political and social problems and the differences in the level of development of the industries have erected themselves into the major obstacles to reach the integrationist goal.

Foreign Trade Minister Morris Harf Meyer discussed the topic at the inauguration of the Business Forum. Harf Meyer stressed the need to set up a timetable for the negotiations to make ALCA [Free Trade Area of the Americas] a reality.

One of the key mechanisms is the automatic phasing out of tariffs, which should be conducted simultaneously with the reduction of nontariff trade barriers without disregarding the principle of reciprocity, the minister stressed.

He added that "the concept of preferences granted to gradually reduce the existent imbalance among the economies of the integration area will have to be guaranteed."

Harf Meyer's explanation is that the automatic phasing out of tariffs creates more competition and reduces the possibility that the market will be controlled by monopolies.

According to the minister, the objective that must be pursued with free trade is to make more joint investments, create companies, and coordinate social and economic policies.

"Some people on the continent live in abject poverty and have no options to improve their living conditions. There, we have responsibilities that we cannot subject to the primacy of some merely economic benefits. This integration process should yield clear benefits for the entire community."

Meanwhile, Roberto Teixeira, president of the Council of Latin American Businessmen, Brazil's chapter, said that the integration process demands four basic requirements.

The first one has to do with the private sector's role in the process. Despite the various problems, the businessmen have been able to improve themselves and build strength. To complement this, it is necessary that the state open more opportunities and allow the private sector to become an active partner.

The second requirement is the economic activity per se. Despite the setbacks, Teixeira maintains that the process of change is irreversible and Latin America is moving along the right path.

However, there is a problem that must be faced immediately: inflation. This problem precludes any improvement in the levels of savings in Latin America.

Third, it is indispensable to eliminate trade barriers. In this regard, the businessmen have agreed that trade has somewhat grown in Latin America because certain obstacles have been reduced.

However, one of the obstacles stems from an unawareness on the part of the politicians. According to Teixiera, politicians have not yet understood the significance of the integration process.

The Brazilian expert believes that one of the paths that must be followed is to promote the flow of capitals via the stock markets.

Finally, the other requirement is to clarify what should be the prospects for the future. "Currently, there is more understanding among the Latin American countries and they are learning from their mistakes," he stated.

Teixeira noted that the dialogue between Latin America and the United States has changed and there is no longer such a great difference between them.

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Colombia: Article Sees Advantages in Creation of ALCA

PA2003131196 Santa Fe de Bogota EL TIEMPO in Spanish 19 Mar 96

[Unattributed article — received via Internet]

[FBIS Translated Text] What effects would the Free Trade Area of the Americas (ALCA) have on Colombians?

An expansion of the continental market will have positive and negative effects, depending on the type of activities the country develops.

On the one hand, producers will have free access to a market of 750 million consumers. However, because openness is a two-way street, it is possible for some businesses — in the same way that most were affected with economic openness — to be harmed by the increase of regional competition.

Furthermore, having witnessed Mexico's experience upon the signing of the NAFTA, Colombians could benefit with ALCA, because industries from the United States, Canada, Brazil, Argentina, and Mexico, seeking cheaper manpower, could settle here.

However, this relocation of businesses could remove noncompetitive national industries from the market, thus affecting the levels of local employment.

Another one of the benefits from the integration of the Americas could be the possible reduction in the controls on movement of individuals throughout the group's members. For example, as a result of NAFTA, Mexican professionals were granted a special visa to enter the United States.

Colombian businessmen could establish new strategic alliances to improve the levels of competition and place their products, with few restrictions, in Canadian and U.S. markets.

Likewise, the Colombian Government could receive additional benefits upon signing accords on technical and institutional cooperation with the countries in the region.

Colombia: Bank of Republic Blamed for Economic Woes

PA1803023296 Santa Fe de Bogota EL TIEMPO in Spanish 16 Mar 96

[Received via Internet]

[FBIS Translated Text] The Bankers Association [Asobancaria] has warned that the current difficulties the Colombian economy is experiencing are not the result of the political situation the government of President Ernesto Samper is facing; they are a direct effect of the monetary policies of the Board of Directors of the Bank of the Republic.

However, the president of the financial group, Cesar Gonzalez Munoz, said that if the political difficulties are prolonged, Colombia will see itself facing stagflation in 1997; in other words, it will see larger inflation increases and a substantial drop in economic growth.

Throughout the first Treasury Congress, the Asobancaria president criticized the Board of Directors of the Bank of the Republic for using the restriction strategy, which has failed to yield positive results.

According to Gonzalez, the Bank of the Republic's Board of Directors must explain to the country why its monetary restriction policies have failed to work; they have only made interest rates increase to alarming levels, making the production sector stop.

Gonzalez insisted that it is urgent to reduce interest rates, thus instilling more liquidity in the economy. To do this, certain formulas to which monetary authorities could resort if they want to lower the cost of money were proposed. Lowering the legal minimum bank reserves to allow the financial system to have more resources available to lend to its clients is among these formulas.

Likewise, he affirmed that an administrative intervention in interest rates would send a very bad signal to domestic and foreign markets on the manner in which a difficult situation is handled in Colombia.

Colombia: Government Admits to Drop in Economic Growth

PA1803151496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1815 GMT 17 Mar 96

[Report by Roberto Mollano; from "The Midday Newscast"]

[FBIS Translated Text] Santa Fe de Bogota — The national government has again admitted to a drop in the country's economic activity, but emphasized that this does not mean that the economy has entered a recession. Energy and Mines Minister Rodrigo Villamizar said initially a growth of close to 5 percent had been expected, but that this goal is being reviewed and it is believed that it will be between 4 to 4.3 percent. Therefore we are not saying that the economy has entered a recession or much less a decline. There is a small drop in the electrical sector where a decrease in the demand has been observed. This only means that a series of forces have joined together, not only because of the expected recessions in the real estate sector and the

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construction industry, but also due to the expectations of the entrepreneurs, Minister Villamizar told Caracol.

He said that this outlook is based on a solid document that shows Colombia's strength in the medium and long term, which will be shown to international investors during his trip that began in Europe today. We are going to give an exact explanation of the country's economic, social, and political situation, especially its energy strength, to the financial communities in the United Kingdom, Norway, and Sweden, from where we have received very definite offers for the financing of projects, Minister Villamizar said.

Colombia: More Changes Announced in Top Military Commands

PA2003042196 Santa Fe de Bogota EL ESPECTADOR in Spanish 15 Mar 96 p 7a

[FBIS Translated Excerpt] There was another first yesterday in the top military commands with the appointment of General Manuel Jose Bonnet Locarno, director of the Superior War College, as the new inspector general of the Military Forces [FM]. Until now, Vice Admiral Roberto Serrano Avila held that post, but he was transferred to the National Navy Command, replacing Admiral Holdan Delgado Villamil, the officer who will take over on Monday as the new FM Commander General, the post held by General Hernando Camilo Zuniga Chaparro.

It was also announced that Brigadier General Jorge Enrique Mora Rangel will be transferred to the garrison of the FM's General Command, as director of the Superior War College. The National Government named Brigadier General Carlos Alberto Mendez Nieto as the chief of the Joint Chiefs of Staff's Department D3.

General Harold Bedoya Pizarro remains as Army Commander and so does General Hernando Gil Nieto as Air Force Commander. [passage omitted]

Ecuador

Ecuador: Minister Rejects U.S. Report on Drugs

PY2203011396 Quito Voz de Los Andes in Spanish 2300 GMT 21 Mar 96

[FBIS Translated Text] Government Minister Xavier Ledesma said today that the Ecuadoran police are working in the struggle against drug trafficking in Ecuador.

Ledesma thus rejected the U.S. State Department report that the Ecuadoran Police have not worked enough in the antinarcotics struggle.

[Begin Ledesma recording, in progress] ...that the police have had great success once again in the struggle against drug trafficking.

[Unidentified reporter] But their actions were questioned.

[Ledesma] The police pointed out that as the result of the military conflict last year, on top of the crisis affecting the country, they were unable to put the same emphasis as in previous years [words indistinct]. This is true because last year was a difficult year. In the struggle against drug trafficking, Ecuador has always been among the first. [end recording]

Minister Ledesma said the police leadership was recently changed in an effort to have a more efficient police force, so the drug enforcement effort is expected to be more effective this year.

Ecuador: FARC Stops Attacks on Ecuadoran, Colombian Troops

PY2103230896 Quito Voz de Los Andes in Spanish 1700 GMT 21 Mar 96

[FBIS Translated Text] The Revolutionary Armed Forces of Colombia, FARC, and the Popular Liberation Army will cease to attack the Ecuadoran and Colombian Armed Forces in the Amazon border zone, according to a communique issued by the Simon Bolivar guerrilla coordinating board.

The communique, disclosed today, states that the coordinating board has adopted a new action policy and decided to prohibit, under any circumstance, its members from carrying out military actions in territory beyond the Colombian border.

In view of the constant threat of terrorist attacks on the Colombian border, the Ecuadoran authorities have reinforced security measures in the zone and the employees of the oil companies working in the sector, especially U.S. companies, are carrying out their activities accompanied by policemen, according to a Guayaquil daily.

The communique states that during the Eighth National Guerrilla Conference, held in 1993, special emphasis was placed on the neighborhood issue and was established that the decision to not perpetrate armed attacks against the armies of the neighboring countries in their respective territories was mandatory.

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Ecuador: Moncayo Says Peru Turned Down Efforts To Stop War

PY2103213496 Quito Voz de Los Andes in Spanish 1700 GMT 21 Mar 96

[FBIS Translated Text] Ecuadoran Army Commander General Paco Moncayo today said that the Peruvian authorities obstinately refused to answer the phone calls made to Ecuadoran authorities to prevent the war staged by the two countries between 26 January and 28 February 1995.

Refuting the contents of the book entitled Geopolitics of the Third Millennium, by Peruvian General Edgardo Mercado, Gen. Moncayo said that Ecuador did not start the latest war, that the political and military authorities did everything they could to avoid the clash. The Peruvian authorities obstinately refused to answer phone calls.

According to Moncayo, the Peruvian military commanders did not comply, on the border, with the terms of the security manual in force at that time. The Ecuadoran troops only defended the headwaters of the Cenepa River that had been under its domain for many years.

As for future Ecuadoran-Peruvian relations, Mercado proposes direct negotiations within the framework of the Rio de Janeiro Protocol and Braz Dias de Aguiar's ruling, an agreement and study that established the borderline between the two countries more than a century ago, or an armed peace in view of the failure of negotiations or their intentional delay.

Regarding the possibility of negotiating within the framework of the Rio de Janeiro Protocol, Moncayo believes it entails a submissive attitude by the Ecuadoran and the docile acceptance of the imposition of Peru's theory by which, to the detriment of our dignity and rights, we should simply plant land markers where that country decides to do so.

Mercado's second alternative of an armed peace is interpreted by Moncayo as an armed race that would involve third countries and could become a destabilizing factor for the efforts being made by the continent to attain peace, democracy, and the defense of human rights.

Regarding the third alternative mentioned by Mercado in his book of an all-out war, Moncayo asserts that it shows "a lack of historical awareness and common sense that, far from solving the problem, would only delay it for another 50 years."

Moncayo ends urging the Peruvian authorities to not pay heed to the inopportune, anti-historic, and anti-Latin American proposals made by Mercado.

Ecuador and Peru, that are disputing a portion of territory that lacks land markers on the border they share in the Amazon region, are getting ready to start direct negotiations with the endorsement of the guarantor countries of the Rio de Janeiro Protocol.

Paraguay

Paraguay: Wasmosy Addresses Nation on Peasant Problems

PY2203032596 Asuncion RPC Television Network in Spanish 0056 GMT 22 Mar 96

[Message to the nation by President Juan Carlos Wasmosy in Asuncion on 21 March — recorded]

[FBIS Translated Text] Dear fellow countrymen, I considered it necessary to ponder a bit on the event that occurred on 15 March. On that occasion, a part of our fellow countrymen from rural areas came to the capital to express their aspirations and demands. I would like to begin this message by expressing my deep satisfaction for the high degree of civic maturity, discipline, and organization shown by demonstrators during the 15 March demonstration. In this way, with democratic and civic spirit, we will continue strengthening this institutionalization process to which the entire national community is committed.

Without a doubt, this democratic system that we are all so strenuously struggling to consolidate, permits us to become acquainted with the numerous problems that for a long time have been afflicting diverse areas in the country. These problems have not originated in this administration. They are coming to the fore now thanks to the freedoms and democracy that we are all enjoying today.

This situation is not an inconvenience, but a distinct advantage because it is becoming aware of the problems, not hiding them, for which we will be able to find solutions. The government fully recognizes the critical dimension of the problem that has afflicted rural inhabitants for so many years. My administration is determined to confront these problems with firmness by strengthening the initiatives that we are already implementing. During the 31 months of my administration these initiatives have contributed to improve the situation of health, education, road networks, and electricity connections and have helped legalize and settle collective land conflicts.

Our efforts, perhaps, were not enough to solve the different problems afflicting our peasants, but we must recognize that they have at least mitigated their effects. Because of the importance we are giving to the demands

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that have been put forth it is my obligation to remind all our citizens what my administration has been doing to promote the development of rural areas. I only want to show that our decision to confront peasant problems is not mere speech. Our words have been transformed into reality with concrete actions.

In the area of health, for instance, we built and equipped 91 health posts, 11 health centers, and 28 centers for families and infants. Our administration remodeled, broadened, and equipped 28 health centers and 28 hospitals. We inaugurated 94 drinking water systems and 6,000 sanitary services. We implemented a campaign of basic sanitary assistance in 96 rural settlements and opened 341 social pharmacies. The vaccination campaign reached unprecedented levels. We were able to cover 85 percent and 97 percent of the population. The program of social well-being distributed milk to 54 institutions and 782 officials were trained in different medical, pharmaceutical, and administrative functions.

In the area of education, in 1993 you might recall that we had an approximate deficit of 5,000 classrooms. By last December we had already built 1,700 new classrooms and right now another 1,237 new classrooms are under construction. We distributed without cost nearly 3 million units of teaching materials and we are improving the education of 3,300 graduates who teach in 32 rural towns. We have retrained 27,000 teachers in the new school programs that we have started implementing.

The budget of the Education and Culture Ministry increased by 35 percent this year compared to 1995.

In the area of roads, my administration has finished the construction of 713 km of new roads. Currently 1,000 km of roads are under construction. We put new pavement — just to give you an idea — on 478 km of highways and we built 3,000 meters of concrete and wooden bridges.

We are permanently maintaining nearly 60,000 km of rural dirt roads and we have strengthened our rural-urban integration through the extension of the telephone network and the inauguration of new telephone centers with a total capacity of nearly 35,000 new lines.

The development of the electrification program has incorporated 159,000 new beneficiaries and the electrical service was extended to 1,800 towns. This program was carried out under the self-help method, with the praiseworthy participation of men and women of rural communities who allowed the interconnection of 872 towns.

With the purpose of normalizing the ownership of land, the government was able to resolve 91 collective conflicts, which gave direct benefit to almost 22,000 rural families. The agricultural credit program, and listen to this carefully, went from 13,000 small scale producers in 1993 to almost 80,000 producers in 1996. There is a draft law proposing the pardoning of the interest rates in arrears for those who were not able to pay their debt.

My government, which is aware of the problems affecting the small-scale agricultural producers, ordered the burning of the stubble fields, the free distribution of seeds, fertilizers, and credits. The government will also provide the necessary funds for the harvest and it also submitted a bill to Congress adding a subsidy of 100 guaranies per kilogram of cotton.

These achievements show my government's firm commitment to meet the demands of agriculture, although it is known that many of them require a process that goes beyond the short term, and even the medium term as recognized by the peasant organizations themselves.

Countrymen, my government gives the highest priority to the claims of the peasants and it is willing to study a complementary program for the finding of feasible solutions to their demands.

It was with this purpose in mind that the government invited the organizers of the peasants march to actively participate in the preparation of a peasant development plan. This plan must take into focus the new market possibilities opened to our country by regional integration to take advantage of competition which will give life to the project of a new and vigorous peasant economy.

The plan we will draw will tell us how much land will be necessary to reach realistic goals of diversified and sustainable production. It is absolutely imperative that the peasant economy be in condition for self-sustainment, although its beginning may demand temporary subsidies.

The necessary financial, technical, and human resources will be provided for this development project to lift the peasant economy to levels of competitiveness. The meeting with the representatives of the National Coordinating Board of Peasant Organizations began today in the Agriculture and Livestock Ministry taking into account a realistic and prospective view of this issue.

Therefore, I would like to convey my satisfaction and to reiterate to the leaders of these organizations the need to provide their valuable contribution to work with the government in preparing a program that considers a structural solution and not just a temporary solution of the peasant problem. Thank you very much for your attention, fellow countrymen.

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Paraguay: Police Chief Urges Action Against Terrorists

PY2103145896 Asuncion ABC COLOR in Spanish 21 Mar 96 p 103

[FBIS Translated Text] After receiving a donation of German equipment for the Police Narcotics Department, Superintendent General Mario Sapriza Nunes yesterday urged joint actions among Paraguay, Argentina, and Brazil to cope with the cells of fundamentalists existing in the tri-border zone.

Alluding to the governments of Paraguay, Argentina, and Brazil, Superintendent General Sapriza said: "Only through joint actions will we be able to cope with this potential threat. I am convinced of the necessity of taking joint actions among the three countries involved."

The police chief was talking about the actions to be coordinated by these three countries to neutralize the Islamic cells existing in Ciudad del Este, Foz do Iguacu, and [Puerto] Yguazu, which is known as the tri-border zone.

In this regard, Argentine President Carlos Saul Menem said a few days ago that Ciudad del Este is a zone where 90 percent of trade involves contraband and other illegal activities. The Argentine president also noted that the tri-border zone is a haven for Arab terrorists.

The police chief said: "It is not appropriate for me to judge the Argentine president's remarks. Nevertheless, this involves joint actions. It is necessary to achieve an agreement. The problem lies in the fact that these people — the Arab suspects — are being expelled. They are going to Brazil, from where they are also being expelled. Then they are going to Argentina and from Argentina they again are coming to Paraguay. Therefore, the problem is not being solved."

The police chief noted: "We actually are investigating discreetly. We have identified various persons as activists. We have identified fundamentalist religious groups. Some of them have established themselves legally and have never committed any crime in Paraguay. Others lack [identification] documents and merely have tourist visas. When their visas expire, these people go to Brazil and renew their visas. This is the way they are operating."

The police chief mentioned the donation received from the German Government, involving equipment for the Police Narcotics Department. The donation totals about 30,000 Deutsche marks, about 41.4 million guaranies.

The police chief indicated: "We will use this equipment to upgrade our struggle against drug trafficking, terrorism, and related crimes. This donation involves reactants that are extremely important for on-site detection of drugs. We actually appreciate this important donation received from the German Government."

Peru

Peru: Next Round of Talks With Ecuador Feared 'Impossible'

PY2003033896 Lima LA REPUBLICA in Spanish 9 Mar 96 p 20

[Editorial: "Impossible Dialogue?"]

[FBIS Translated Text] What had been predicted long ago happened. While Peru, in keeping with the stance it has upheld for almost half a century, presented its "subsistent impasses" as a mere demarcation problem in two segments of the long borderline, segments that entail less than 100 km of the 1,600 km of the common border, Ecuador once again took advantage of the opportunity to try to dynamite the Rio de Janeiro Protocol.

In fact, the confusing text of the Ecuadoran list, includes four points: 1. Partial inexecutability of the protocol due to the nonexistence of the water divide of the Zamora and Santiago Rivers, an old theory that was refuted by the unappealable ruling of the Brazilian Braz Dias de Aguiar, which Ecuador refuses to acknowledge.

In a separate paragraph, and as if the Quito Foreign Ministry was aware of the disproportion and inadequacy of such a claim, it says: "Ecuadoran free and sovereign access to the Maranon-Amazonas." This, undoubtedly, is just an attempt to keep the people happy because it is completely outside the protocol and is part of a political desire of the northern country. This claim was included well aware that no Peruvian Government would ever accept to negotiate it.

This claim implies an intolerable maximalist attitude, which would entail Peru accepting the mutilation of its territory to satisfy the Amazon utopia of a country that neither historically nor juridically ever had access to what it claims. The free navigation right granted by the protocol, which was never denied to Ecuador once the planting of border land markers is completed, is quite a different matter.

The two countries agree on the contents of Point 2 that specifically refers to the pending demarcation problems. These problems could undoubtedly be solved with the good will of both countries. The interesting thing is that the two communiques identically describe the zones to be demarcated.

Point 3, in mentioning a geodesic problem related to the rivers, especially the Napo River, intends to once

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again bring up problems that have already been solved. The same goes for Point 4 with the mention of the Zarumilla canal, into which Peru diverted part of the River Zarumilla waters in compliance with the formula devised by Foreign Minister Aranha, which definitively solved the problem.

In sum, as in compliance with the terms of the Itamaraty Agreement these are the positions that the two parties will uphold at the negotiating table in Brasilia, it is hard to see how they can serve as the grounds for an agreement. This is why many experts in international affairs and diplomats, who see that — in Itamaraty's terms — we may be driven to discuss issues which we have never accepted as part of the debate, are pessimistic. These issues were not included in the debate just for nothing.

In this sense, Foreign Minister Leoro's obvious happiness when he said "he will discuss the inexecutability issue" with Foreign Minister Tudela may be short-lived. Because the meeting in Brasilia, once it has been determined that there "is an impasse regarding the impasses," may be forced to suspend the session and place the problem in the hands of the guarantors, expressly mentioned in the protocol as the forum in charge of solving possible disagreements.

Now then, the guarantors' policy so far has been to get involved as little as possible and let Peru and Ecuador solve their problems face to face. But in view of a possible stagnation, several things could happen, not all of them favorable. The following are some of them:

1) The guarantors are demanding that Peru and Ecuador reach an agreement over an agenda. The position of the U.S. Administration (of which the Brazilian, Argentine, and Chilean foreign ministers were informed during Warren Christopher's recent tour) will, undoubtedly, play a decisive role here. If this is not the case, then a third forum to solve the problem (The Vatican or The Hague Court) could be suggested. Peru cannot accept this because it would mean disregarding the protocol.

2) The guarantors want the discussions to start on the issues the two countries agree on, that is, the demarcation of the sectors Lagartococha-Guepi River and land marker Cusumasa-Bumbuisa and the confluence of the Yaupi-Santiago Rivers.

Because Ecuador did not state that the "impasses" are listed in order of priority, this position, in theory, is possible. In this case, and for the first time in years, some progress could be made. However, we do not believe Ecuador will agree to start the negotiations without a certain guarantee regarding the first points, which are obviously its main objective.

In that case, and as Peru cannot agree to discuss what is not established in the protocol and as neither can it accept questioning the unappealable ruling of Dias de Aguiar, the negotiations would be a failure. Therefore, we are again left with the alternative of putting the problem in the guarantor's hands.

In sum — we reiterate — unless negotiations begin with the issues which both countries agree on, we do not think these negotiations will make progress. Neither Ecuador nor Peru would benefit by discussing the other points because the negotiations would boil down to a sort of dialogue of the deaf, with the two countries reiterating their position in favor or against the protocol.

Therefore, there is no reason to be optimistic. It is true that by talking about the "partial inexecutability of the protocol" the neighboring country is acknowledging its validity in 93 percent of the already demarcated border. But neither is this any guarantee, because just as the Rio Napo and Zarumilla canal — which Peru considers solved — are mentioned, the next Ecuadoran administration may come up with a new trick. We greatly fear the Brasilia meeting will end in nothing.

Peru: Commentator Sees 'Trap' in Talks With Ecuador

PY2103202896 Lima GESTION in Spanish 14 Mar 96 p 24

[Commentary by Economist Antonio Romero R.: "Itamaraty's Trojan Horse"]

[FBIS Translated Text] The impossibility of ("partially") implementing the Rio de Janeiro Protocol, mentioned as one of Ecuador's "subsistent impasses," is one of the theories that has been manipulated for a long time by Ecuadoran circles of power and public opinion, although with several interpretations and meanings. The fact that it was made known officially does not imply a diplomatic victory for Peru. Instead, the risk of acknowledging such an impossibility as a matter of negotiation, in compliance with point six of the Itamaraty [Brazilian Foreign Ministry headquarters] Agreement, favors the Ecuadoran theory because it implies a joint revision with Peru of the terms of that same protocol.

The citing of the famous subsistent impasses was a trap which implied objection to a legal instrument recognized and approved internationally. This was a risk we were alerted to and warned about ahead of time quite clearly by opposition personalities, experts in the matter, and career diplomats, to whom the government unfortunately failed to listen. This shows the absence, to this moment, of a national policy for handling negotiations with Ecuador.

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Peru is dangerously losing with the signing of the Itamaraty Agreement. We have no sovereignty and we are not recognized in the demilitarized zone, most of which is on national territory; there was agreement to reduce the number of troops from PV2 [watch post 2], which did not participate in the Cenepa conflict; and, lastly, the impossibility of implementing the Protocol is included as a "subsistent impasse" to become an object of negotiation. What follows then? For the guarantor countries, and particularly for the U.S. State Department, the most practical and fastest solution, one that would end the problem once and for all, would be for Peru to satisfy Ecuadoran aspirations by yielding part of the Amazon territory.

This would mean that, under the shade and behind formalities and statements for public opinion, there is a scenario of negotiations — the true and real one — that would try to lead the process toward the result noted above. The surprise visits by U.S. Secretary of State Warren Christopher to the guarantor countries reportedly supports this theory.

Moreover, the way things are developing, the Peruvian Government seems to have adopted a merely formal position of defense of the Protocol, in which the territorial sovereignty is in play.

Under the current circumstances of a globalized and inter-dependent world, guided by the rules of the free market, national borders and the inherent concept of sovereignty have ceased meaning spaces of development of nationality and the constitution of nation-states. It is international capital that issues the rules and conditions, and it thwarts the growth and development of countries in need of technology, financing, and trade relations with the developed world. Even though, as a result of the collapse of the Eastern bloc, the clash of interests between North and South has risen to the top level of international relations, it is no less certain that the quest for markets, the total opening of their economies to investment and trade, and the formation of blocs of countries are being realized at a political cost. This is the cost: The less developed countries have been forced to give up gradually not only their roles in the economy through structural adjustment processes, but have also been forced to abandon (gradually) any pretension of sovereignty concerning free mobility of capital and resources.

Thus, concepts such as borders and territory have been reduced to geographic reference points, useful only to control human migratory flows, and as places to find the natural patrimony and resources which are potential objects of exploitation and trade negotiations among nations.

The Itamaraty Agreement is a reflection and product of what happened in the conflict of the Cenepa. At Itamaraty Peru was not in a position to make its legal position, endorsed by the Protocol, prevail, because we have lost in the military and diplomatic fields, and also in the information war, which is not the same as saying that we were defeated. It is obvious that the Ecuadoran top military command and foreign policy have been prepared to lead their country through this path, starting from a specified conflict which then, under the premise of at least resisting the Peruvian Army and keeping the positions occupied, will lead Peru to the negotiating table. What the next step in the Ecuadoran strategy will be remains a mystery. What we are certain about is that our government leaders and negotiators seem not to have realized yet that we have fallen into their trap.

To the Itamaraty Agreement the following saying can be applied very well: "The law was made to be broken."

Peru: Foreign Minister Denies 'Pressuring' Ecuador

PY2203011296 Madrid EFE in Spanish
1516 GMT 21 Mar 96

[FBIS Translated Text] Lima, 21 Mar (EFE) — Peruvian Foreign Minister Francisco Tudela today asserted that Peru does not "have the slightest intention" of pressuring Ecuador to continue key negotiations related to the border dispute.

Tudela told the Lima daily EL COMERCIO: "We believe that list of 'impasses' must be assimilated by the public opinion of both countries, and I believe we can continue talks during the time left until the (general) elections in Ecuador."

He added: "There is a feeling that the Ecuadoran political campaign is causing a certain prudence in the way this stage of negotiations is handled. We understand that prudence, but the procedures (to tackle the key negotiations) can be established any time now."

The Peruvian minister said that, regarding Ecuador, the diplomatic process has stabilized the relationship. He said: "The negotiations have allowed us reach point six of the Itamaraty [Brazilian Foreign Ministry headquarters] Declaration (referring to the 'subsistent impasses')."

He said Peru is currently assessing disagreements with Ecuador and the future talks regarding procedures.

Peru and Ecuador are engaged in a peace process with the support of the guarantor countries of the 1942 Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States) after having waged at least three wars during the past 55 years over a portion of the Amazon border that lacks land markers.

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The last undeclared war took place between 26 January and 28 February 1995 in the Cenepa River valley.

Peru: Ecuadoran Candidate for Andean Position Rejected

PY2003172196 Madrid EFE in Spanish 0155 GMT 19 Mar 96

[FBIS Translated Excerpt] Lima, 18 Mar (EFE) — Luis Delgado Aparicio, chairman of the congressional Foreign Relations Committee, stated today that Peru will reject an eventual candidacy of former Ecuadoran President Rodrigo Borja for the Andean Comunity General Secretariat.

He said that Borja "lacks the neutrality" to hold such an "executive and technical" post, because he is conducting a campaign in Ecuador in an attempt to neglect the Rio de Janeiro Protocol, which established the border between Peru and Ecuador. [passage omitted].

Delgado recalled that Borja recently harshly criticized Ecuadoran President Sixto Duran-Ballen because he agreed in Trujillo on the enforcement of the Rio Protocol. This treaty is considered by Peru a perfect document that helped to definitively overcome the border problem, while Ecuador regards its full implementation as impossible. [passage omitted]

Peru: Fujimori To Apply Anti-Terrorist Strategy to Drugs

PY1903021496 Madrid EFE in Spanish 1712 GMT 17 Mar 96

[FBIS Translated Text] Lima, 16 Mar (EFE) — Peruvian President Alberto Fujimori has asserted that his government now intends to arrest drug kingpins with a strategy similar to the one used to fight terrorism.

At the end of the first meeting of the year of the police leadership at the Interior Ministry on 15 March, Fujimori said that "drug trafficking continues to be a very serious threat to our existence as a civilized society."

For this reason he asked the National Police to fight drug trafficking in an efficient manner, because it is a factor that causes "disorder, violence, and corruption, in the same way that terrorism was democracy's enemy."

Fujimori said: "We are not going to build a strong economy that coexists with crime or joins it. We have not chosen the path that will lead us towards a "narcoeconomy" or "narcodemocracy," but rather a society based on honest and responsible work."

On 21 December Fujimori announced he was withdrawing the Armed Forces from drug enforcement activities and placed the National Police exclusively in charge of this task.

Since 1992, when the Peruvian Armed Forces engaged in drug enforcement, the main drug kingpins were arrested, among them Abelardo Cachique Rivera and Demetrio Chavez Penaherrera, aka "Vaticano," who were both sentenced to 30 years imprisonment for their involvement with terrorism.

Peru: Daily Notes New Ways To Fight Drug Trafficking

PY2103013296 Lima GESTION in Spanish 18 Mar 96 p 28

[Editorial: "New Times"]

[FBIS Translated Text] Two announcements were made a few days ago that make one think that new times for fighting drug trafficking are here. News came from Washington that the U.S. Government will strengthen its struggle against that problem from a higher level. Meanwhile in Lima, President Alberto Fujimori instructed the National Police to attack drug trafficking with an intelligence operation, similar to the one used against the Shining Path.

In addition to this, U.S. Ambassador to Lima Alvin Adams said a few days ago that "because of the results obtained in Peru in 1995, there is the possibility of increasing the resources to fight drug trafficking."

Are these signs enough to predict a global reorganization of the antinarcotics struggle? It is to early for that, but it is worth pointing out the new elements that are beginning to appear.

The first thing that can be said about the announcement from Washington is that this is in some way a recognition of its own responsibility in the drug trafficking problem. President Clinton's decision to head the Antidrug Cabinet Council is linked to the desire to stop drug consumption, which is considered a threat to U.S. national security because of the human and economic losses it creates.

This implicit recognition is significant because it comes a few weeks after the "certification," and as the wave of criticisms in the involved countries continue. President Ernesto Samper of Colombia, which was decertified, says in an article in EL NUEVO HERALD that various studies and polls "show the increased consumption and production of traditional and synthetic drugs" in the United States. He quoted ex-antidrug Czar Lee Brown: "My greatest disappointment as director of the Office of National Drug Control Policy was that I never received enough funds to fully carry out the national strategy of

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President Clinton." Despite the full certification received by Peru, President Fujimori criticized the United States before international organizations for its role as the greatest drug consumer in the world.

Second, the new turn of the U.S. antidrug policy shows the first sign of influence of Barry McCaffrey, the new antidrug czar. McCaffrey believes the U.S. fight against drug addiction does not mean putting aside the main antidrug objective: the drug producing countries. He said: "The problem is in Chapare and Huallaga." His demand for a budget more adequate to the magnitude of his task coincides with the remarks of Ambassador Alvin Adams about the possibility of greater resources to fight drug trafficking in Peru.

Third, how important is intelligence work in 1996. In this regard, the precedence left by Colombia — despite the problems affecting President Samper — is eloquent because in that country coca eradication and the capture of drug leaders went hand in hand with visible results. Something similar would now help the Peruvian Government by putting at the service of the antidrug struggle the intelligence experience accumulated during the fight against terrorism. This is happening while the Presidential Ministry, on the advise of the U.S. Government, is seeking new sources of donation for replacing coca. The question arises, however, if this is the result of a new diagnosis of the problem. Midway between the production of raw material and consumption, will interdiction become the new point of equilibrium?

Peru: Obsolete Bombs To Be Used To Destroy Drug Airstrips

PY2103033296 Lima America Television Network in Spanish 0100 GMT 21 Mar 96

[FBIS Translated Excerpt] Today President Alberto Fujimori announced that the education subsidy for public servants will amount to 300 new soles. [passage omitted]

At noon today, the chief of state paid a visit to the Peruvian Air Force [FAP] Punta Lobos base, where he witnessed the detonatica of obsolete bombs that, in the future, will be used to destroy clandestine airstrips used by drug traffickers. [passage omitted]

The chief of state visited the FAP Punta Lobos base, in Pucusana, where he watched the detonation of 100 and 1,000 pound all-purpose bombs that have become obsolete because they are more than 30 years old.

These bombs, that cannot be adapted to the FAP's modern aircraft, will not be destroyed, they will be used to destroy the clandestine landing strips used by drug traffickers. The possibility of using them to open up roads is also being assessed.

The president, who also visited Lurin where he dedicated a landing strip recently built by the Army, emphatically denied rumors about an alleged trip he made to China. [unrelated passage omitted]

Peru: Report on San Martin Department Drug Trafficker

PY2103213596 Lima LA REPUBLICA in Spanish 17 Mar 96 p 20

[Report by Miguel Gutierrez from the Investigative Unit]

[FBIS Translated Text] The drug trafficker nicknamed "Nando," who sends drugs to Colombia from conditioned landing strips in Sullana Province, Piura Department, was one of the main cocaine paste suppliers of the organization led by the Lopez Paredes brothers.

The dismantling of the "Los Nortenos" gang in principle affected Nando's business, but he later resumed contacts with Colombian organizations to which he directly supplies the drugs.

Police reports said that Hector or Fernando Jara Benitez, aka Nando, is one of the main cocaine paste suppliers of the Colombian mafia. He was identified two years ago.

The 34-year old trafficker was born in Saposoa, Huallaga Province, San Martin Department. He began his activities as a hit man in the city of Tingo Maria. He became independent and created his own organization in four years.

He is currently operating in Bellavista District, San Martin Department, where he has many bodyguards.

The firm led by Jara Benitez was closely connected to the organization led by the Lopez Paredes brothers. It provided this organization with the washed cocaine paste — the last step before obtaining cocaine hydrochloride — that was refined in laboratories in Chimbote and Piura owned by the Los Nortenos gang.

Jara Benitez expanded his activities as the firms led by Demetrio Chavez Penaherrera, aka Vaticano, Abelardo Cachique Rivera, aka Negro, and the Lopez Paredes brothers were gradually disbanded.

He managed to send — during the peak period of his business — more than 1,800 kg of drugs monthly from the clandestine landing strips in Upper Huallaga and Sullana.

His operation center is in the outskirts of the localities of Piscoyacu and Regis, Bellavista District, in the jungle, where the laboratories owned by the organization are located.

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The drugs are stored in some houses in Bellavista, from where they are transported in trailers to Piura, near the landing strips, where the Colombian small planes pick them up.

Until February Jara Benitez paid 250 new soles per kg of raw cocaine paste to coca growers from Bellavista and Saposoa. He, however, charged the Colombian mafias between $3,000 and $3,700 for 1 kg of washed cocaine paste, and $5,700 for 1 kg of cocaine hydrochloride.

A Colombian known as Cali is the main representative in the city of Sullana of the organization led by Jara Benitez.

Shortly before the landing of a small air plane, the people led by Cali maintain a tight control until the plane takes off from Sullana to head for Las Lomas.

The traffickers use a huge radio antenna on a hill near the highway to Las Lomas to coordinate the arrival of the planes.

The antinarcotics forces consider the locality of Las Lomas as the main drug-gathering center, from where the drugs are transported to the border, sometimes with the complicity of the police and customs officials.

The Piura Antinarcotics Police, which only fought drug trafficking along dirt roads bound for Ecuador and Colombia, acknowledge the existence of clandestine landing strips and that traffickers are using a new route and modus operandi.

Piura-based Antinarcotics Commander Mario Rodriguez Perez has stated that besides the landing strips detected in Sullana, there is one that was recently abandoned.

He said he had clues of at least four landing strips located in various parts of the Sullana Province, "but we do not want to disclose them for security reasons and because there is a plan to deactivate them."

Peru: Daily Views Need To Continue Fighting Terrorism

PY2103213796 Lima LA REPUBLICA in Spanish 11 Mar 96 p 16

[Editorial: "The Shining Path is Going Adrift"]

[FBIS Translated Text] The evil murder of heroine Pascuala Rosado by a Shining Path [SL] annihilation squad has made the people turn their eyes to the decimated terrorist group. We are quite certain that this was one of the objectives of this cowardly crime: The SL has no other way of making news in Peru but by murdering. But for this very reason one has to be very careful and not magnify things.

This is done, for example, by those who have started to speculate about an alleged alliance between the SL faction that upholds Abimael Guzman's leadership — tired of waiting for a "peace agreement" that will never materialize — and the reduced group of terrorists who follow Feliciano. In truth, no information — and one must not forget that the SL is infiltrated — leads to believe there is such a pact.

What seems more likely is that we are witnessing the beginning of a new wave of selective murders planned by the SL leftist annihilation faction (known as Red Path [Sendero Rojo]) that follows the orders given by Feliciano and what is left of the Emergency Central Committee, with the purpose of reminding us — and especially its weakened cadres — of an effort to pull out of their current retreat and defensive attitude.

The SL's ideological and military crisis should not be mistaken with its disappearance. SL (the faction headed by Feliciano) still controls some zones of the country — that are becoming gradually scarce — from where they can move militants to Lima in an attempt to reactivate its decimated zone committees.

Taking a glance at the 1995 Annual Report just published by the National Human Rights Coordinating Board we see something that should draw our attention: that although the descending curve of violence continued to drop last year (less clashes, less missing people, scarcely one case of peoples' trials) the number of deaths as a result of selective murders and bomb attacks remained almost unchanged (276 in 1994; 259 in 1995).

The fact that this figure is six times less than in 1992 is not enough to change our opinion that the SL "is an apparatus — despite the hard blows it has sustained — still able to continue its destructive actions, even if they can no longer disguise their disorganization and short sightedness."

The vile murder of Pascuala Rosado and those that will follow, in addition to the actions registered in some settlements, reveal the SL's efforts to reorganize. As they find it increasingly difficult to find followers by means of persuasion, they find that the best thing is to try to once again implement their reign of terror by eliminating those who get in their way.

The SL still has an offensive capacity and we will probably have to learn to live with these isolated attacks during the next few years. But this must not lead us to magnify their weakened destructive power and sow unnecessary alarm, but neither can we lower our guard and assert that Peru is a country that enjoys peace and is free of terror.

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Moreover, it is the authorities duty to give an explanation to the charges by Villa El Salvador major, who in turn is a victim of terrorism, in the sense that terrorists sentenced to heavy prison sentences have been released and wander unpunished in shantytowns. Nobody can doubt Michel Azcueta' seriousness and we are sure he knows what he is talking about.

If this is the case we are facing an intolerable paradox: While around 400 to 700 innocent people are rotting in jail due to false charges by repentant terrorists, sentenced and confessed terrorists recover their freedom through crafty means that nobody understands.

In July, President Fujimori himself acknowledged the situation of these innocent people and promised to do something immediately to solve their situation. Eight months have elapsed since then and, despite the fact that several draft bills have been submitted to Congress, nobody has done anything to approve them and put an end this scandal.

Consequently, we must continue working, each one doing his share, to definitively defeat the SL and reduce it to a sad memory, a hallucination of a small homicide group that sought to look at history through the rear mirror, mistaking Peru for the China of the 30's.

For this it is necessary to establish the necessary conditions to reach peace and national conciliation that, unfortunately, do not exist. The country does not want to forget and start from square one; what it wants is to learn the truth in order to attain justice and forgiveness.

We hope that the measures to step up security in the shantytowns and settlements will materialize, because the people no longer fear the terrorists, and they know this. The people only see the terrorists as a small group of murderers who make use of the poorest.

The death of Pascuala Rosado, an irreplaceable woman who unmasked the SL faction headed by Abimael Guzman when it represented a true threat to the country, should bolster the will of the healthy sectors of our society to attain a true peace, with social justice, respect for human rights, a search for dialogue and the consolidation of a full democracy.

Peru: Judicial Branch Accused of Releasing Terrorists

PY1903221696 Lima LA REPUBLICA in Spanish 18 Mar 96 p 4

[Article by the Research Unit]

[FBIS Translated Text] A classified report in the hands of the Justice Ministry states that between January and September 1995, 44 subversives sentenced to imprisonment terms nationwide were released on orders of judicial branch officials.

During the same period, only nine terrorists were released after having served their respective sentences.

Of the 44 terrorists released, two were sentenced to life. The great majority (25) were sentenced to terms of 20 years. Some 35 of them belong to the Shining Path [SL] and 9 to the MRTA [Tupac Amaru Revolutionary Movement].

LA REPUBLICA compared the 44 released terrorists with those whose sentences for terrorism were repealed due to the actions of human rights defense organizations, and found out that within that period only three were released.

The 44 released terrorists is less than 10 percent of the 563 prisoners arrested for subversion and released between January and September 1995, according to the newest available lists.

When President Alberto Fujimori installed a de facto government on 5 April 1992, the judicial branch argued that Fujimori was responsible for the release of a large number of terrorists.

Between January 1991 and April 1992, however, less than 300 people who had been tried for sedition took to the streets. This is much less than the 563 released prisoners in nine months of 1995.

LA REPUBLICA also obtained the list of those who were sentenced for terrorism and held at the Miguel Castro Castro prison, and those who were released between October 1995 and March 1996. The comparison shows 78 people were released.

This confirms the monthly average number of prisoners released nationally is 20.

Consulted experts reported, however, that it must be remembered that after 1992 the antiterrorist law was more severe and created a broad variety of crimes specified as terrorism or high treason.

Consequently, those arrested for terrorism increased considerably, and for this reason their release for lack of evidence also increased considerably.

But which organization is releasing prisoners? Not those facing trial, but of those sentenced for terrorism. How is it that serious sentences like life imprisonment or 25 years, were repealed? Are these the sentenced prisoners who were visited by Villa El Salvador Mayor Michel Azcueta Gorostiza?

It must be noted that almost all those sentenced and subsequently released were arrested and tried after 1992.

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Those sentenced under the previous antiterrorist law will end their sentences within the next few years, which implies a national problem because there is no guarantee they were "rehabilitated" while in prison.

The report in the hands of the Justice Ministry states that terrorists like Fiorella Montano Freyre (who participated in attacks on former National Election Board President Domingo Garcia Rada and Admiral Geronimo Cafferatta Marazzi), will be set free in June 1997; Maria Saire Heredia (a member of the group that attacked Cafferatta Marazzi), will be set free in November 2001; mass murderer Isidro Nunja Garcia will return to the streets in May 2003, as will Margot Liendo Gil, a member of the Northern Regional Committee military command who was arrested in June 1988 with Osman Morote Barrionuevo.

They may be released long before because they were tried under the antiterrorist law which contemplates reduced sentences good behavior and rehabilitation.

Several terrorists have already been released under this law, among them Laura Zambrano Padilla who, in 1991, proved she was ready to begin a new life teaching school children. The following year, when Abimael Guzman Reinoso was captured, "Comrade Meche" was with him, as a member of the central committee.

A new legal measure to prevent seditious people convicted under laws prior to 1992 from having their sentences reduced is not valid because retroactivity is not constitutional.

Nevertheless, confidential Justice Ministry reports state that, with or without the benefit, some 500 SL and MRTA terrorists will be released over the next five years after serving their sentences

Thus, the problem of rehabilitating prisoners sentenced for terrorism is a subject that deserve an immediate debate because no one can guarantee that those who provoked the worst violent moments in the country are peace loving people thanks to the good methods used in prison.

Peru: Economy Minister Admits Disagreement With IMF

PY2203120896 Lima EL COMERCIO in Spanish 15 Mar 96 p A1

[FBIS Translated Text] Economy Minister Jorge Camet has admitted that there are disagreements with the IMF but said he will keep them confidential because it is not good to talk about them during negotiations with that organization.

He admitted that the IMF mission, which is headed by Luis Durand-Downing, left Lima without reaching agreement with the government economic team. It was learned, however, that the IMF mission will return in April.

Camet said the Economy Ministry remained silent while negotiating conditions for paying the foreign debt and preparing agreements with the IMF.

He said, however, that he will make a preliminary announcement of the new letter of intent to be agreed with the IMF on the guidelines of the economic policy for the next three years; a measure that was implemented in the past to allow people to express their opinion.

He said the preliminary publication would be made before May, when he expects to send the letter of intent to the IMF. He added that the Paris Club will later learn about it in June.

Although Camet did not want to reveal the points of disagreement with the IMF, it is believed the majority of them are linked to objections to the evolution of the Peruvian economy by IMF Managing Director Michel Camdessus in a letter he sent Camet on 20 February.

In the letter, which was really written by the mission headed by Durand-Downing, the IMF alerts Peru to the inflation outbreak, and the deficit in the current account (export minus imports plus service payment). The IMF also recommends a restrictive fiscal and monetary policy to correct these problems.

Camet said: "The IMF has the right to express an opinion and as a friend of Camdessus, I will answer the letter."

Camet said the government decided to slow the economic growth because the economy could no longer continue to grow at 13 percent without creating complications in the country.

"We will put our house in order because the effects of a very high growth have created some distortions," said Camet regarding the external deficit created by the excess of imports.

Regarding the deficit in the current account of 7.5 percent of the GDP, Camet predicted that the deficit will drop by one to one and one half point.

Camet said this reduction is already taking place because imports in February only increased 1.6 percent in relation to the same month last year. He said that by the middle of last year, imports had increased 50 percent in relation to the same period in 1994.

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Camet discarded a future exchange rate adjustment because the government always maintained a fiscal spending discipline.

Camet noted that to sustain the dollar value — which some believe is overvalued — the government must produce a primary surplus of at least 1 percent of the GDP. He explained that those resources could help the Central Bank buy between $70 and $75 million worth of foreign currency monthly and prevent the price of the dollar from falling.

Peru: Minister Reports on Trade Zone Talks With Mercosur

PY2003223296 Madrid EFE in Spanish 1733 GMT 19 Mar 96

[FBIS Translated Text] Lima, 19 Mar (EFE) — Liliana Canale, Peruvian industry, commerce, tourism, and integration minister, stated on 19 March that in the first half of 1996 Mercosur [Common Market of the South] member countries and Peru will conclude the first stage of negotiations to create a free trade zone.

In a report submitted to Congress, Canale said the Peruvian Government divided the negotiations in two stages, and that the second one, which was established on a "long-term" basis, will end after several years.

She explained that the agreements signed by Peru with each Mercosur member country [Argentina, Brazil, Paraguay, and Uruguay] will be reviewed during the first stage within the framework of the Latin American Integration Association [ALADI].

She said that during this process tariff preferences granted to each Mercosur member country will be reviewed, and that "those products the import of which distorts free competition will be eliminated."

She added that the second stage "will consist of negotiations to create the South American free trade zone," in order to help establish a free trade zone for the entire continent.

Canale also reported that the main problems affecting negotiations on a free trade agreement with Chile have been overcome, "as it has been understood that the agreements must be based on the general principles of world trade."

In this regard, she said that "products coming from the duty free zones and vehicles will not be assigned a zero tariff," and that in April Chile and Peru will analyze the products that will be included on the lists of exceptions.

She noted that another list that provides for a suspension of tariffs on a 10-year-term basis could be also approved. This list would include subsidized Chilean products, in order to verify the withdrawal of subsidy during this period.

Peru: Fujimori Administration Said 'Pressuring' Press

PY1803123596 Lima LA REPUBLICA in Spanish 14 Mar 96 p 6

[From Mirko Lauer's "Observer" Column: "Whose is the Rising Sun?"]

[FBIS Translated Text] In current times, the omnipresent U.S. Department of State and the untouchable Inter-American Press Association, SIP, are issuing warnings about how the Fujimori administration is pressuring the press — via several means — which do not support him. This measure, which is basically economic and administrative, warns that regardless of the undeniable liberties, democracy in Peru is far from enjoying a completely full democracy.

Under the shade of tremendous government power, the support by much of the media remains a mystery. Do they support by conviction, convenience, or because of lack of imagination? Let us assume these factors all exist, plus a margin of independence and some banality. A government supporter is he who wants to be, whenever he wants to be, a supporter as a means to attract publicity.

Thus far the Fujimori administration has refrained from acquiring ownership of the press media, among other things because support by the majority of them for the administration has flowed pragmatically and generously. The old saying that power often shifts toward the Armed Forces and the media has not posed any problems in the 1990's.

But some sectors are not fully convinced. For instance, some are building Fujimorist media organizations, which is not the same as the pro-Fujimori media. Journalistic projects are now emerging and they seem to tie their fate to that of the current administration. This proposal is different from the Fujimorization of the media which already exists.

This is the case of the newspaper promoted by Andres Marsano, a mining industry businessman, together with the family of Erasmo Wong, in a complicated understanding with the power of Santiago Fujimori and his sundry buddies. The idea is that Marsano's current economic stability can be taken as sufficient competence as to challenge EL COMERCIO, and many others.

Marsano's newspaper represents a double bet: that the Fujimorist organization can attract and survive in the middle of the crisis of a reduced number of

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newspaper readers, and that EL MERCURIO's readers are willing to follow, day by day, the line of the mining businessman who is moderately well educated and whose national goal is the current economic program.

It is important to realize that most of the press media today are not, in their more concrete operational function, family or autocratic businesses; much less are they businesses of exclusive political groups. Selling to readers or to television viewers today is a sophisticated business and, within the limitations of the case, very sensitive to public opinion.

The worst thing that can happen to a newspaper is that it can appear as Fujimorist, Santiagoist, or Marsanoist. The newspapers with which it wants to compete are trying to escape at great speed, seeking an image of equanimity at all costs. As Baltasar Gracian would say, any excess has its cost when the time comes to issue an opinion.

Learning from Manuel Mujica or Luis Banchero, founders of newspapers, freedom of expression is the gold in the journalistic mine. The remainder is just fantasy, useless silver objects, and carrier pigeons with heavy chains around their necks.

Peru: Daily Views Government Role in Economic Problems

PY2103001096 Lima EXPRESO in Spanish
10 Mar 96 p A42

[Editorial: "Does the Government Understand the Problem Well?"]

[FBIS Translated Text] Economy Minister Jorge Camet's problem was what he did not say. He did not say we would grow much less in 1995. Many companies went into debt by continuing their investments and suddenly they found themselves without a market. Later he did not say why it was necessary to stop the economy, how it was being done, or even how we would begin to grow again in a sustained and regular manner. If that had been made clear to everyone, there would have been no speculation about the program or any pressure to change it. A demand would have been made to strengthen the program to ensure sustained growth again.

The economic adjustment was made almost in a clandestine manner, perhaps even for the president himself. Therefore when the belt began to be tightened, confusion and desperation began to spread. This occurred because of a lack of explanation, of understanding of what was happening. The fact that there has been no explanation is a sin by the government with its excess spending in the last quarter of 1994 and the first of 1995, when spending grew by 70 percent! This was because of the elections and the conflict with Ecuador.

Minister Camet did not want publicly to admit this fact. In his speech in Arequipa, he blamed the slowing down of the economy on the negative expectations of businessmen and this is why he could not explain anything. The truth cannot hurt anyone. On the contrary, it restores confidence and clears the air.

But public spending was not the only one that grew. Private spending also grew with the help of the economic reform, which allowed a very large increase in investments and the reestablishment of credits.

The fact is that no one can spend indefinitely more than it produces because sooner or later the limit is reached, there is no longer growth, and inflation returns. National savings must be increased if we are to continue to invest and grow. A fiscal surplus is necessary for that.

If we understand those general guidelines, we can understand why it was necessary to slow down the economy to some extent. In this case there was no explanation, and the economy was badly and too abruptly stopped. The Central Bank did it by increasing interest rates and by valuing a currency that is already overvalued. This, in addition to a badly programmed spending reduction, did not slow down but stopped the economy. We must now restart the motor and begin to move again. An explanation must be given on how to do that. The government must cease to tighten the belt and use the money in productive investment and not to cover the public deficit. If the government already tightened the belt, the Central Bank can loosen up a little to make possible a reduction — not an increase — in interest rates, the resumption of private investments, and a better exchange rate to benefit exports. Any devaluation, no matter how gradual, if it is accompanied by fiscal deficit, automatically becomes inflation. We already know that. With fiscal surplus and savings we can devalue and grow with less danger.

But to have a fiscal surplus now, it is necessary to carry out a profound government reform, a reduction of state spending. As it is not possible to create more taxes as our companies cannot compete in the global economy carrying the load of a very heavy state. The problem of our trade balance is not only overspending but also overcosting and an overvalued currency, which prevent us from having competitive exports.

Is President Fujimori aware that he must carry out a profound government reform to create fiscal surplus? Does he know, for example, that companies cannot continue to pay the costs of the Fonavi [National Housing Fund]? Are the ministers aware of that?

It would be useless to replace Minister Camet if the government did not understand the problem well.

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